

# NATION'S BUSINESS



APRIL • 1935

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Labor's Quarrel with the President

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# INFLATION AHEAD! What to Do About It



## W. M. Kiplinger

Author of *INFLATION AHEAD!*—*WHAT TO DO ABOUT IT*. Editor, publisher of famous Kiplinger Washington Letters for 15 years. Shrewd, accurate predictor of trends and reporter of government in its effects on business, whose published forecasts are followed eagerly by his large, important clientele; confidante of Washington officialdom through several administrations.

Distinguished for concise presentations of complicated subjects in simple language; unbiased, dispassionate, constructive critic of government policies, who calls spades spades.

**HE** Has Been RIGHT in the Past... and Well Ahead of Time... with These Important Predictions On:

Government centralized control of banking and credit, predicted two years ago.  
Devaluation of the dollar, indicated as probable eight months ahead.  
Recent rise of foodstuff prices, predicted six months ahead.  
Rise of NRA, the changes, and decline.  
Decline of interest rates, more than a year ahead.  
Reorganization of farm mortgage lending policies.  
Levels of unemployment, six months ahead.  
Failure of gold purchase to raise commodity prices.  
Rise of silver prices.  
On price fixing of agricultural products, months ahead.  
On all AAA policies.  
The fate of scores of important bills in Congress, indicated accurately months in advance—a consistent record for many years.



## Frederick Shelton

who assisted Mr. Kiplinger in preparing this book. For past 14 years an analyst of governmental and business trends. Thoroughly grounded in politics, economics. Lawyer. Seasoned observer. Always sound, cool, well-balanced. Has wide reputation among Washington technicians for his objective attitude on issues when they are at their most heated stages.

**I**NFLATION is now definitely under way. Not *because* of the Gold Decision. Not *despite* it. But because of a constantly increasing number of causes, circumstances, conditions, events. In the steady march toward Inflation this decision is merely one of the latest incidents. Among sophisticated observers, doubts as to the inevitable Inflation did not exist even *before* it was rendered. Even if it had been "unfavorable" to the Government it would *not* have prevented Inflation. New routes would have been found, new channels cut.

To learn how to protect yourself against Inflation, and even to turn it to your advantage, read this new book just off the press—"*INFLATION AHEAD!*—*WHAT TO DO ABOUT IT*." This is not a textbook of economic theories. It is a specific guide for every individual who either earns a salary or draws an income from investments—for business men, lawyers, doctors, teachers, farmers, trustees, investors. It is in the practical form of 25 semi-personal letters covering every angle—written in simple language by W. M. Kiplinger and Frederick Shelton.

This book is entirely hardboiled. It wastes no time arguing whether Inflation is good or bad. It tells what *WILL* be—not what *should* be. These 25 letters face reality and tell you what to do now.

### Publisher's Note:

We are book publishers solely. Neither the authors nor we are connected with promoting or trading in securities or commodities, nor in either furthering or retarding Inflation. We publish this book because it is timely, because its analyses are authoritative, disinterested, able, and important. SIMON AND SCHUSTER, INC.

The information in this book has never before appeared anywhere, in any form.

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THIS BOOK, (see Table of Contents reproduced above) contains a series of 25 simple, semi-personal letters. It is reproduced by direct photographic process, bound with flexible cardboard cover to speed its immediate release!

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Will you be safer in building a home or in renting one—and should you try to get a long or short term lease?

Should you contract now for any purchase on installment payments?

Is your income within the range of those which will suffer most, unless you start planning now to "beat Inflation"?

Will your money now be any safer in Government Bonds than in savings banks or

building and loan associations?

What new factors should you now consider before deciding what to do about life insurance or annuities?

Which is the best hedge against Inflation—stocks, bonds, commodities, or real estate?

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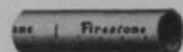


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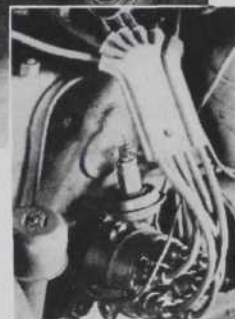
them not only smoother-acting and safer than ever, but also much more economical in upkeep. Plymouth's all-steel body also contributes to economy as well as to safety... it lengthens car-life... cuts down repairs.

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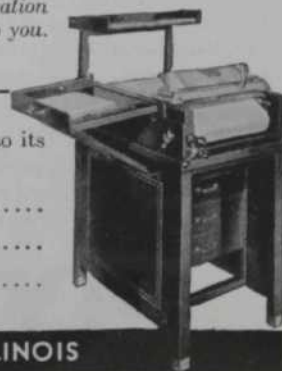
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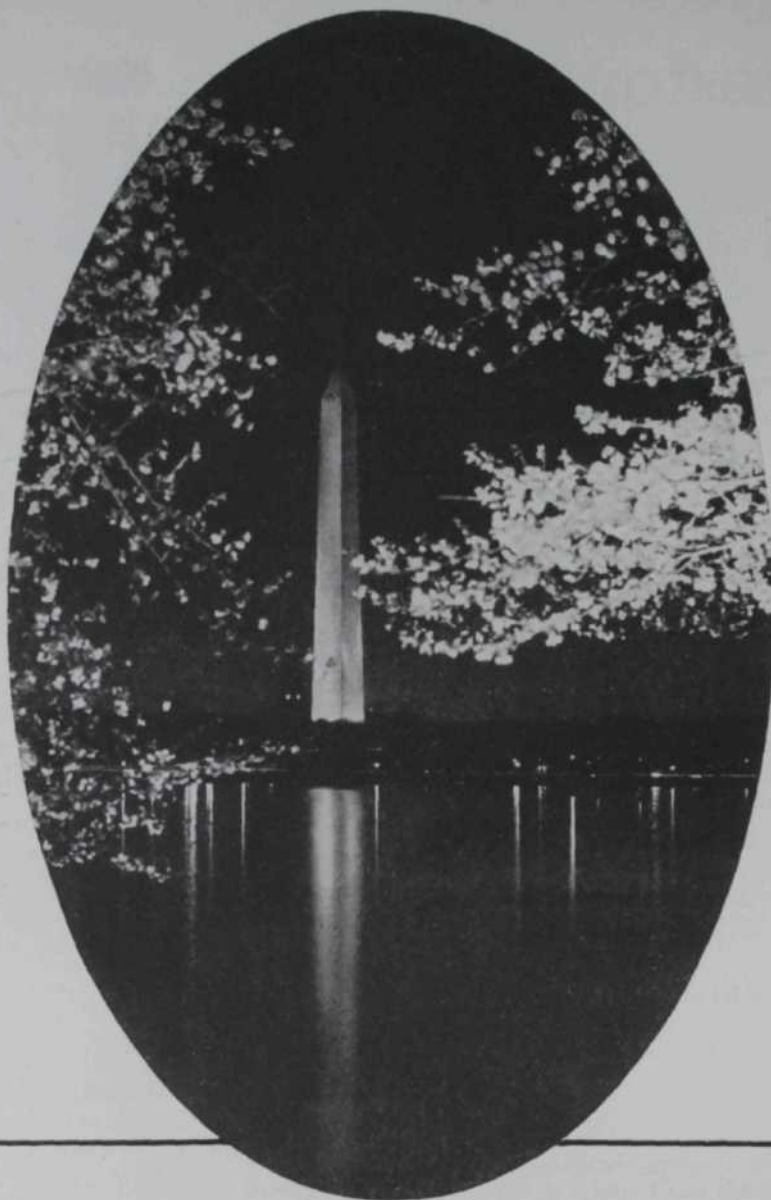
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## The BUSY MAN Looks at Steel

### When We Were Young

AS BOYS, in the days before the automobile had filled the land with gasoline fumes and klaxon notes, most of us bestowed a brilliant halo on everyone and everything connected with a railroad. We had pet names for every train, down to the meanest "accommodation," and the train crews were men set apart.

In our town, when the "Flyer" tore through at dusk, shrieking like a banshee at the crossing, boyhood contrived any excuse to stand by the tracks, in a mixed ecstasy of delight and fear at the rush and roar of its passage. The next generation, however, preferred to watch for out-of-state licenses on the main street; and the present young hopefuls go out to the airport, or down to the transcontinental bus depot.

### Tomorrow on the Rails

DEPENDING, of course, on where you sit, it's a deplorable state of affairs; for, as youthful enthusiasm waned, so also did that of the general public. But the rails are hard to down; within the past year we have seen the probable future of railroading exemplified in the light-weight, high-speed, Diesel-motored, stainless steel articulated trains pioneered by the Edward G. Budd Manufacturing Company, Philadelphia.

The latest of these silvery speedsters is the Boston and Maine's *Flying Yankee*, blood-brother of the Burlington fleet headed by the famous Zephyr, and the first to be built for an eastern road. From streamlined stem to rounded stern, the *Flying Yankee* is fabricated to a large extent from *Allegheny Metal*; and its flashing beauty, its qualities of low operating, maintenance and depreciation costs, are derived directly from the enduring lustre, the tremendous strength and corrosion-resistance of this time-tested stainless steel.

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## Through the Editor's Specs

### Business, politics and recovery

DETROIT has pointed the way to the cooperation of business and politics.

For years, committees of business men of the Detroit Board of Commerce called attention to wastes and extravagances in municipal government. But their voice was a whisper.

Two years ago, Detroit discovered its back to the wall financially. Interest on bonds could not be paid. City employees found out what was meant by payless paydays. Scrip was on the streets. It faced a hundred million dollar budget.

Then it was that the previous suggestions of the taxpayer committees were dug up. With a genuine spirit of cooperation they were adopted. A refunding agreement was made. A "Pay Your Tax" crusade caused delinquent taxes to pour into the City Hall. Confidence, inspired by a 25 per cent cut in city expenses, and the spectacle of sincere cooperation did the trick.

Detroit thus made a great financial come-back, which was impossible until disaster was faced—and cooperation practiced in spirit as well as in form.

DETROIT'S EXAMPLE could be followed not only by other cities but also by the nation. It is especially welcome at a time when the whole world is confused and uneasy. Our own country is bewildered and in its perplexity is turning to many false prophets who have no demonstrated qualifications to prescribe for either political or business statesmanship.

The most hackneyed phrase in Washington today is "a billion dollars." Dr. Townsend last month raised the ante—he spoke of trillions. Amos and Andy have come in to their own. It is not uncommon for a Congressman to propose spending an amount greater than the entire wealth of the state from which he comes.

The national situation is such that if business and politics do not co-

operate, do not make whole-hearted effort toward a mutual understanding, a national catastrophe is inevitable.

AS A STARTING POINT to this cooperation, it should be recognized that politics cannot do the job of business, nor can business do the job of politics. One cannot be substituted for the other. The business man makes a poor statesman; the politician a poor business man. The few exceptions prove the rule. The successful business man is impatient of the restraints necessary in dealing with conflicting mass opinion; the politician, because of the limitations imposed upon him by politics, makes a mess of a business operation, where double entry is the rule and the terror of red ink is always present.

The business man is primarily an individualist. He must make quick decisions if he is to stay in business. He cannot temporize, nor palliate, nor resort to expediency or compromise. He cannot wait for a poll of 125,000,000 stockholders. His own interest is, of necessity, supreme. No monuments are built to a bankrupt business man.

ON THE OTHER HAND, the man entrusted with political responsibility must have foremost in his mind the reconciliation of the conflicting forces represented in society. This means always compromise; it means expediency of the moment; it means constant negotiations, with a "give" and "take." Herein lies the definition of the statesman: the public official who reconciles conflicting elements in society to the general welfare. No monument is built to a public servant repudiated by his people.

THIS POINTS THE WAY of cooperation by the business man. He should understand that a public official cannot operate as he must operate. It is a different technique. Unless he is in the environment of a Mussolini, his technique would bring widespread resistance and possible revolution. So, when the business man





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condemns all politics as corrupt and all politicians as charlatans, he is not yet ready for cooperation. When he describes those in public office as viewers-with-alarm, pointers-with-pride, tub-thumpers and pouter pigeons and tax-eaters, he shows a lack of the larger understanding necessary to cooperation. Rather, he should, with patience and perception, give intelligent support to those elected or appointed, as he would support those whom he had appointed to carry out a part of his particular business operation. After all, despite the whimsical columnists, they are his servants. It is to be noted that one gets more out of servants by sympathetic direction and exhortation than by public ridicule and abuse.

ON THE OTHER HAND, the politician should cooperate in his field by an honest attempt to understand the complexities and intricacies of business, its policies and practices. Politics is too prone to condemn business and business men *per se*, to exaggerate unmoral and unethical practices. I distinguish these from illegal practices because, by the very term, there is redress for such practices in the courts, rather than on the stump. Exaggeration comes from an excess of zeal. Reformers become so obsessed with the righteousness of their cause that their statements become wilder and more extravagant as the campaign proceeds. My observation over a long period, from an excellent vantage point, is that there are no more shysters in the business field than in the law; there are no more quacks in the business field than in medicine; there are no more crooks in the business field than in politics.

It is not only unfair to the business community for the politician, by exaggeration, to invite the belief that all business is crooked, non-social and selfish, but it is also detrimental to the public welfare thus to destroy confidence in the very machinery upon which we must depend for business recovery.

IT HAS BEEN SAID by everyone, including the President of the United States, that the chief factor in our continuing depression is the lack of confidence. The phrase has become so trite that one hesitates to use it. Yet the deficiency is self-evident.

The nation has never before witnessed such a general and continuous muck-raking of our business life. Passions are aroused, indignation—even anger—brought into play. Thus unwittingly we have weakened the faith and confidence of the people in the very institutions and processes



they must use to bring back prosperous times.

In condemning business evils, we have condemned business as evil. We began with the banks. They were non-social money-changers. Our investment bankers, without conscience, appropriated the mite of the widow and bought Peruvian bonds. Citizens who lent their savings and took mortgages as security were skinflints without benefit of clergy. A few cases of dereliction, where bad judgment was mixed with chicanery, were used to indict a great group.

That section of business activity which produces and distributes electrical energy was labeled "power trust," bleeding the people white. Commercial aviation was without morals or conscience. Manufacturers were chiselers, rebaters, exploiters of child labor, operators of sweat shops. Lumber, oil, and coal men were "barons." Exchanges were gambling houses. Retailers were gougers and oppressors of the consumer; mail order houses and chain stores worse. Advertising and selling were waste and direct charges upon consumption. Steel and chemical companies making munitions, holding companies and communication companies were the last, completing the cycle to come under the rake of the muck merchant.

This amounts to an indictment of a whole people, charging them with immorality, bad ethics, non-social instincts, common dishonesty. It even indicts the lifelong work of our churches and schools, institutions where unbounded energy, self-sacrifice and money have been devoted to character building.

THE BUSINESS MAN should help, sympathetically and patiently, to remedy the defects in our political structure. He should not assume the rôle of the iconoclast.

The public official should seek, sympathetically and patiently, to remedy the defects in our economic system, without assuming the rôle of the iconoclast.

### Home ties thicker than distance

PHILADELPHIA'S fame as a city of homes is daily accented with the regular departings and returnings of its members of the "Seven O'Clockers' Club." Its members include more than a hundred brokers, railroad men, engineers, and journalists, with business in New York who prefer to spend four hours a day commuting rather than give up living in Philadelphia. Club affairs are directed by a president, a vice-president, and a secretary, respec-



## AS WELL AS STOCKROOMS CAN BE PLANNED TO DISCOURAGE WASTE

A. P. W. Onliwon Toilet Tissue is in use in some fifty thousand offices, factories, hospitals, and other institutions. Every one of them is benefiting from a method of dispensing tissue that hasn't been bettered in thirty years as far as economy and convenience are concerned. They are all sharing the advantages of a tissue made specifically as a safeguard to health. Onliwon Tissue is soft, properly absorbent, and has the necessary strength for safety. Onliwon cabinets keep it hygienically clean and pure up to the moment of use.

To the satisfaction of everyone concerned with overhead, these Onliwon installations are demonstrating worth while economy in actual use. Because they discourage waste in so many ways. Two full-size

sheets of inter-folded tissue are always presented ready for use, without the wasteful, unsightly scattering so common with roll tissue. Porters waste less time "policing" washrooms—have more for other duties. A frequent source of substantial loss is eliminated when Onliwon replaces other types of tissue. For Onliwon cabinets can be refilled when partially empty, ending the practice of leaving rolls or packages outside fixtures in case of shortage before the attendant's next round.

If your washrooms are not already Onliwon equipped, it will pay you to find out more about this economical tissue. An A.P.W. representative will gladly call upon you. If he is not listed in your phone book write for samples to: A.P.W. Paper Co., Albany, N. Y.

**A.P.W.**

THERE'S REAL SAVING IN ONLIWON TISSUE AND TOWELS



At first glance two peas may seem enough alike to justify the proverbial expression—as like as two peas—but closer examination will always show how really different they are. So, in a general way all air conditioning problems are similar, though no two are ever identical.

There is a grave likelihood, since the air conditioning business is comparatively new, that mere resemblances will be mistaken for something deeper, and costly errors made. It is for this reason that Kelvinator, in approaching air conditioning, began with the development of an engineering staff skilled in construction, in heating and ventilation, in air filtration and in refrigeration. With such a staff, trained to recognize and consider *all* of the factors, Kelvinator is prepared to survey your premises and make an air conditioning recommendation which will be intelligent and practical.

Furthermore, in its more than 20 years' experience in the controlling of temperatures, Kelvinator has developed a line of equipment so extensive that even the many new problems of air conditioning can be met on Kelvinator's time-proved basis of EXACT SELECTION of equipment to meet the particular need. Kelvinator operates on this principle to protect the buyer from the purchase of more capacity than he requires and from the error of purchasing less than he requires. Kelvinator will be glad to work with you toward a satisfactory solution of your air conditioning problem. . . . KELVINATOR CORPORATION, 14250 Plymouth Rd., Detroit, Michigan. Factories also in London, Ontario, and London, England.

(1066)

# KELVINATOR *Air Conditioning*





tively designated as "7," "07," and "Tick Tock." Never has the budget been in the red. It provides for Christmas gifts to the train crews, and for flowers for deceased and ill club members.

To be a member in good standing, a business man living along the route must make at least three round trips to New York each week. Immediate expulsion is the penalty of failure. Members of the club catch their train at seven o'clock. Breakfast is served in two club cars. Arriving at the Jersey City Terminal at nine, they take the Liberty Street ferry to New York. The return trip begins at five, with arrival in Philadelphia at seven. Bridge is a regular pastime. Here is the club's rallying call:

*Rickety, Rickety, Rickety, rock;  
We leave Philly at seven o'clock,  
Leave New York smack at five;  
Ride the Reading, be alive—  
Rah, rah, rah,  
Seven O'Clockers, rah! rah!*

Some day, the Seven O'Clockers believe, the trip will be cut to one hour. Streamlining is expected to help. But whatever the running time, they are determined to live in Philadelphia. It's a pleasure.

### Evolution of the store

A STORE, by Webster's definition, is any place where goods are kept for sale, or it may be a place where goods are deposited, *dépot*, as the French have it. How that meaning has been elaborated by one of the great retail establishments of our times is revealed in a Macy advertisement. Says the text,

... next time you're up in the Empire State or Pennsylvania Hotel, take a look at the large metal towers on our roof. They save us 7,000,000 cubic feet of water per year. Our steam heating and air cooling are done with a by-product (exhaust steam) of our electric generating plant; while the machines in our testing laboratories keep standards high and complaints correspondingly low ... we generate our own electricity, do our own washing, and make thousands of good things from almond lotion to mattresses. ...

How far pioneer ideas of merchandising have traveled in the United States could be suggestively measured by looking into the back-stage mechanics of one of the country's focal points of distribution. Keeping store, 1935 style, is a competitive compound of arts and sciences. Management today is as much concerned with technology as with trade.

### A two-headed evil

TO VIEW the \$4,880,000,000 work relief measure as an expedient refinement of the pork barrel may be as

partisan as it is premature. Whether the blank check is to supersede the traditional log-rolling in the strategy of political administrations is not yet clear.

Debate on the issue of "prevailing wages" defined problems big enough to focus national attention in their own right.

If it be agreed that the bill is to provide stop-gap jobs in lieu of a dole for the unemployed, it would seem completely illogical to argue that government benefits should be equal to the going rates of pay earned in private employment.

Unreasonable as that position would declare itself, it is in effect defended by advocates of "prevailing wages" on all projects financed by the proposed fund.

Whether the Government were committed to benefits or to so-called standard wages on a level of earned income received from private employers, mischief would be done in either case.

The danger of creating a permanent class of self-satisfied beneficiaries, willing to live on public bounty, is as real as the danger of creating a long-standing competitive condition of "emergency" employment under which millions of citizens would cling tenaciously to relief jobs against new opportunities offered by trade and industry.

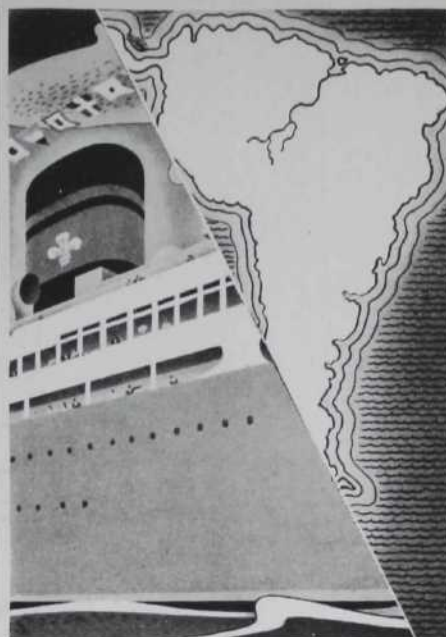
### Need for a gyroscope

WHEN the President signed the deficiency bill restoring full pay to government workers on April 1 instead of July 1, the item was characterized as "a decision of Congress." Of the situation created by the additional cost of \$16,000,000, the Congress was admonished that consideration should be given to increasing the Government's income to take care of "this and any other new appropriations which tend to throw the regular budget out of balance."

It is possible, of course, to read into the text a warning to bonus advocates and pension planners. More realistic is the state of the budget, already unbalanced for the next fiscal year, to the extent of \$3,892,000,000, exclusive of public debt retirement.

A Representative has suggested to the Administration that if it will provide the \$4,880,000,000 proposed for works relief, the Congress would find the \$16,000,000 needed to restore Government salaries "a fair exchange," he thought.

No novelty is the spectacle of a budget on a tight rope. To the man in the street the only wonder is how a creature so unstable continues to defy gravitation.



## Where the FURNESS Tradition Means Most...

To Rio in thirteen days, by Furness Prince! The fastest sea-time . . . yet it's a long voyage just the same. And that's where Furness traditions count most!

Chefs who keep the menus varied and fresh every day of the thirteen . . . deft, long-trained stewards who are as courteous when you land as when you embarked. It takes such a voyage to make you keenly aware of the pleasure of traveling "Furness".

The four "Princes", brilliant motorships built within the last few years, offer the speediest schedule to the modern world of the East Coast, with its sparkling capitals—Rio de Janeiro, Santos, Montevideo and Buenos Aires. They provide nothing but First Class accommodations, with Furness cuisine, service and seamanship.

## FURNESS Prince LINE

"NORTHERN PRINCE"  
"SOUTHERN PRINCE"  
"EASTERN PRINCE"  
"WESTERN PRINCE"

to  
**SOUTH AMERICA**

Sailings every fortnight from New York, with call at Trinidad on return voyage. Reservations and literature at authorized tourist agents or FURNESS PRINCE LINE, 34 Whitehall Street (where Broadway begins), or 565 Fifth Avenue, New York City.





# RECOVERY begins at home

IT IS a tempting but fallacious doctrine that the business of America can look to some force outside itself to bring recovery.

Let us instead all turn our eyes once more to the wholesome doctrine of reality:

*Business must draw renewed strength today from the same sturdy roots which first nurtured its growth—the roots of courage, initiative, self-reliance, and steadfast determination to deserve success.*

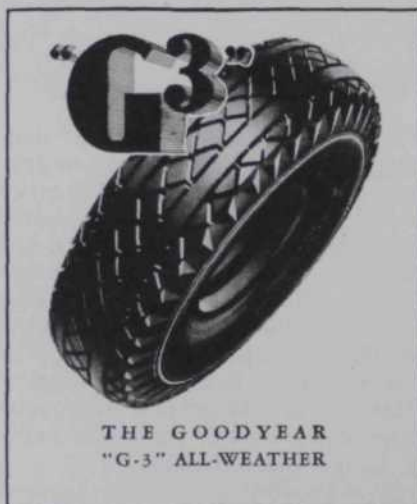
The state of business as a whole can only be as good as each business individually helps to make it, by finding out what people want — and by serving those wants with values so desirable that customers will welcome and buy them.

• • •

To see how surely these principles work, let

us examine Goodyear's own experience.

This company set in motion, in the first years of lagging business, a program of product development and betterment larger than it had ever undertaken before.



Many results of that effort might be enumerated. But at the top of the list you will find the "G-3" All-Weather, now leading every other tire in the world in sales, and its companion-success, the Airwheel\* of which Goodyear's production is greater than that of all other makers of super-soft tires combined.

*P. W. Hitchfield*  
PRESIDENT,

THE GOODYEAR TIRE & RUBBER COMPANY, INC.

\*AIRWHEEL is Goodyear's trade-mark, registered in the U. S. A. and throughout the world, and is used to denote that Goodyear is the exclusive maker of AIRWHEEL Tires

THE GREATEST NAME IN RUBBER

# GOOD YEAR



# NATION'S BUSINESS

★  
A MAGAZINE  
FOR  
BUSINESS MEN



## Look for the Price Tag

**A** GREAT world movement is under way. Dictators, of one kind or another, are the vogue. It is well to remember that there is no benevolent dictation. A dictator exists only by the use of force. Such force denies the right of the individual to live his own life, the right of freedom of expression, freedom to dissent.

Ten European countries, with a population of 387 millions, dictate absolutely what their people shall read and say. Six other European countries, with a population of 60 millions, have active censorships which are only less rigorous in degree. In only 11 countries, with a population of 136 millions, do citizens, as Dr. O. W. Riegel puts it, "cling precariously" to freedom of expression.

Only a blind patriotism can believe that the United States is immune to the blandishments of new styles in government and business. Opinions openly masquerade as facts. Good citizens should insist upon open minds, upon an impartial search for facts, upon public discussion of all issues without fear of reprisal, direct or indirect, by any authority. In this way can a free society best be served—and preserved. Freedom, in this view, is not only a satisfaction to the individual; the very advance of civilization is conditioned upon it.

The choice we are put to is not that of following the philosophy of Adam Smith in economics, or of Jefferson in political theory. Rather, we must decide whether we shall set out arbitrarily to create a social order and then mold the individuals into subordination to it, or whether we shall center our efforts on the making of men and women who are themselves competent and are disposed to do what should be done.

It is disheartening to see ourselves today as citizens of a world in which this independence in thought and action has been banished from the public policy of nation after nation. The movement toward democracy and toward human freedom, toward that sense of the dignity and worth of the individual, to which the historian

Morley referred, has not only been definitely checked, some observers feel, but has suffered catastrophic reverses.

Nation after nation has decided to seek efficiency and security through subordination and regimentation of the individual to centralized and despotic authority. Education, it is clear, in such countries has become frankly a means of indoctrination and propaganda. It takes no partisan of individualism to discover that the individual under an arbitrarily created social order must pay a price for all efforts directed toward his security and efficiency, no matter whether they turn out to be wise or misguided. There is a *quid* for every *quo*. He must pay through a rigorous and continuous external discipline.

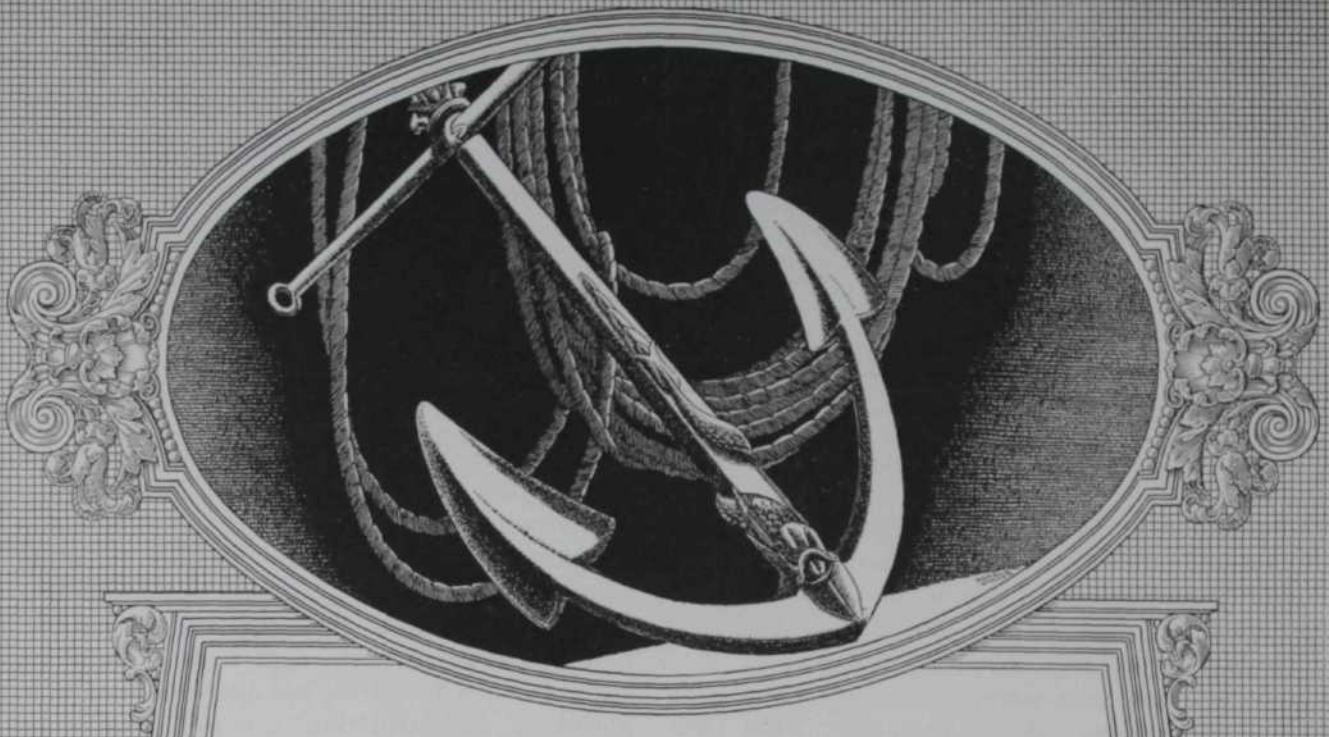
Such is the world scene today. The rights of minorities are suppressed. Freedom of discussion, the right to differ, the right to live one's own life—these are denied to millions upon millions of the earth's population.

Everywhere freedom of thought and action is now on the defensive. What is happening in Europe is no local affair. Painfully we are discovering that America has not been guaranteed eternal democracy by a divine decree. There are no international barriers or immigration walls against the contagion of sophistry and specious logic, against the acceptance of opinion for fact, against the adoption of Utopian schemes, which, because they are of foreign origin, or dressed up in seductive phrase, exact emotion at the price of reason.

But, in the prescriptions, it will be noted, little is said of the price that must be paid. Calvin Coolidge clearly read the tag on new styles of government and business: When the individual loses his economic freedom, there will go with it his political freedom.

*Merce Thorne*





### THIS ANCHOR DIDN'T HOLD

In a storm it was useless, because it wasn't made right—and the ship nearly foundered. » » » To make things right, to build stout integrity not only into our products, but into all our relationships and services, has been the high aim, the fixed purpose of this organization for fifty years. "You don't say half enough about the *quality* of your merchandise," says a critic of our advertising. But the answer lies in the products themselves. They are made to round-out and complete the perfected Mimeograph Process—and there are no substitutes for them. We know that to lessen their quality would reduce their usefulness. They must be always fit and dependable. We know—because we invented the Mimeograph Process, and have sponsored every improvement made therein. A. B. Dick Company, Chicago.

# M I M E O G R A P H





April • 1935



# Men Are Still on the Firing Line

By PAUL H. HAYWARD

Of the Staff of Nation's Business

**W**HEN opportunity offers I like to spend a few hours in Indianapolis. Booth Tarkington's "Middletown" is a typical American city, peopled and built by typical Americans. It's a good spot in which to feel the national pulse, to sense the feelings, fears and aspirations of those who make up the real America.

On my last visit I called on a banker friend. The course of conversation turned to the state of business and the state of the republic. Huge corporations—so-called "big business"—are relatively few in Indianapolis. My questions were about businesses with a few dozen to a hundred or so employees, businesses such as comprise the real substance of that city, state and, indeed, the nation.

How were such businesses faring? What were such business men doing? What were they thinking?

"Potent questions," observed my host. "Got an hour or two to spare? Then I'm going to show you some of the things that are going on out here. They may answer your questions better than I can. Maybe they'll give you a story."

He reached for his overcoat and motioned toward mine.

OUR cab dropped us in front of a loft building out on North Capitol Avenue. Pale gilt letters told those who cared to look closely that this was the Rytex Company.

"I want you to meet a friend of mine here," my guide tossed over a shoulder as we climbed a stairway.



Salesman Fischer's on a world trip now, in the interests of Bob Bowes' products

"His name is Mervin J. Hammel. He's done—and is doing—some things with fine writing paper."

Four or five girls looked up as we entered a plain front office.

"Good afternoon," smiled one to my guide, then turned to a telephone. "Mr. McWhirter to see you, Mr. Hammel."

A door popped open across the room. A slim, dark chap in shirt sleeves beckoned.

"Hello, Felix. Come in."

The boss' office was as unpretentious as the outer room. Bare walls, bare floors, a desk and a table.

But on the table lay a beautifully embossed sample book, heavy with sheet after sheet of fine writing paper. White paper, paper in warm, delicate tints, each sheet imprinted at the top with a user's name and address, in a thousand tasteful styles.

"I want you to tell this man something about this business of yours, Mervin," Mr. McWhirter explained.

Mervin Hammel was deprecatory.

"Why, there's not much to it, Felix. I'll be glad to tell what I can though. . . ."

## Quality stationery

MERVIN HAMMEL began in advertising—advertising manager of a department store, advertising agency work, direct mail advertising. But he wanted to get in business for himself. He wanted to manufacture a consumable product—a product for which there would be repeat orders.

In 1920—note the date—he found a partner and they started turning out writing paper in a tiny plant, with one or two employees to help them. But it was not just writing paper. It was a quality writing paper, made of their own specifications, a paper that the heaviest pens, the heaviest ink wouldn't blot. A paper that had their own watermark in it, so the user would know it for theirs.

More than that, it was printed with the user's name and address, to the user's order—an individualized product of high quality for which there would be repeat orders. And, finally, a product at an attractive



price. Fifty printed sheets and envelopes for a dollar—no more, no less.

A quality product needs quality outlets. They found them in quality department stores, quality stationery stores, jewelry and gift shops.

Their ideas proved good. The business grew. They added new lines—calling cards, announcements, Christmas cards. They outgrew their original space. Some years ago the partner withdrew from active participation. In 1929 the business was incorporated. Today it occupies three spacious floors of the loft building.

In 1920 it gave employment to one or two. Today it employs 125 men and women. In 1920 only the printing was done at the plant. Today practically everything except actually making the paper is done on these three floors. Mervin Hammel makes his own boxes, his own envelopes, the gum that goes on the flaps, his own ink. He has his own laboratory and chemist to test the ink and the gum, the weight and the writing surface of the paper, to evolve new colors and tints. He takes no chances with the quality of his product.

He has guarded the quality of his outlets no less. His sample books lie on the stationery counters of John Wanamaker's, Marshall Field's, and other great stores the country over. His presses impartially print the names of the 400 along with those of the four million. Junior Leaguers and Mrs. Wiggs pay their dollars and take their choice.

Their orders all come through retail dealers who must pass the inspection of Mervin Hammel's representatives before he allows them to carry his line.

And he shoots square with those dealers. The box which carries the imprinted stationery back to the dealer within 72 hours after an order is received bears only the name of the company. No address. Re-orders must come through the dealer.

The result is such good will that dealers spend their own money to advertise Mervin Hammel's stationery by its brand name.

He showed me a letter from one of those dealers, an exclusive eastern store.

"You can get more for your paper," it said in substance. "Prices generally are trending upward.

A great many of the people who use it can easily afford and would be willing to pay more for it."

If Mervin Hammel sought reasons to raise prices he could have found them months ago. Paper prices soared. Other costs went up. He didn't raise his price then—nor lower his quality. He doesn't intend to raise his price now.

"If my price goes up my volume goes down. Less volume means less work for my plant. Less work means laying off workers—new recruits for the relief rolls. Washington preachments on higher prices and the economics of scarcity leave me cold. Low prices, high volume and consequently more work for my workers are what have kept this business growing."

### No worries over competition

AND the business has kept growing straight through the depression. Volume has increased from year to year since the business started. Mervin Hammel gets a big kick out of that. He's had a lot of fun building that business.

"It's what I do right within these four walls that's going to make or break this business," Mervin Hammel told me. "Competition? I don't worry about it. I heard the other day that

some of my designs were being copied. I don't care. I bring out an entirely new set of designs periodically. By the time one set is copied I'll have a new set out. It's new ideas that count. Come along, I'll show you."

He took me back through his plant, past a long row of busy presses. Opposite each press was a table, divided down the middle. Each division represented a state. Orders go first to the type-setting machines, the type goes to the press, the press prints the paper, the paper goes to a table according to the state from which the order came.

Thus orders are kept in order. At each table stood inspectors, all college graduates. They inspect the printing, check spelling and punctuation. At the other end of the tables, the boxes are wrapped for mailing. Straight-line production, so far as possible.

We went on through to his laboratory.

"Here's something we've been working on since November, 1933, and which we're just ready to introduce." He pointed to a row of small, gracefully curving bottles filled with delicately colored liquids.

"A new line of quality writing inks which will match exactly—and I mean exactly—the individualized printing inks we use in the letterheads.

"We had these bottles especially designed. We made them decorative, something our customers would be proud to have on their writing desks. That line's going to be a 'natural' as an adjunct to our line of writing paper.

"No, competition doesn't worry me—but other things do. They're outside my control. Fool ideas on economics being enacted into law. The growing burden of taxes. Both promise to increase my costs, maybe force me to raise my prices—I've already had to do close figuring to keep them down. And when prices go up volume goes down and with it the number of people I can employ.

"If they'll let me and other small business men like me run our own businesses, we'll get along and we'll give more work to more people. Keep tinkering with us and adding to our burdens and they'll force up our costs and our prices, our volume will fall

## A "Plan" for Recovery

**NOWHERE** does the pulse of American life beat more truly than in the Middle West, and none of its commonwealths is more representative than Indiana. Since 1890 the national center of population has been within her boundaries. The struggle with adversity that began with the capture of Vincennes has its counterpart today in the fight of her business men to overcome the forces of depression. Resourcefulness is an old Hoosier custom. In the course of editorial journeyings a member of the staff of Nation's Business stopped in Indianapolis where he was given an opportunity to talk with men who have made their businesses "bigger and better than ever" because they never conceded they could be licked. The stories of the individuals here included are suggestive rather than comprehensive. They have the underlying unity of courage. Herein may be found a "plan" which will bring recovery



and we'll have to put people off the pay rolls.

"It's funny our law-makers can't see that."

OUTSIDE again. Our cab was carrying us out East Ohio Street.

"I'm taking you out to see Bob Bowes," Felix McWhirter explained. "Bob started doing business with our bank when he started making tire patches back in 1918. So did Mervin Hammel. I've had a lot of pleasure out of watching them grow."

### A business that's expanding

WE stopped before a two-story brick building on North Pine Street. Hammers pounded in another brick building next door.

"Bob's bought that building and is remodelling it. It will double his present floor space."

We entered the home office of the Bowes "Seal-Fast" Corporation.

"Well, hi there, Felix. You catch us in a mess—getting ready to do some moving—but come in."

Bob—more properly, Robert M.—Bowes is a concentrated bundle of live wires, a squarish man with a Chaplinesque mustache who exudes fighting energy, enthusiasm and confidence. He's lived and breathed the manufacture and sale of tire patches, tire repair kits, auto-top dressing, friction tape and a dozen allied items for years. My host invited him to tell me something about the quirks of the automotive products business in general and his own in particular.

"There's not much to tell," he began, "but..."

Bob Bowes started out late in 1918 with \$45 in his pocket, a bundle in his hand and some ideas in his head. The \$45 needs no elaboration. The bundle is worthy of a few words. The ideas were important. Out of them had grown the contents of the bundle—tire tube patches which, pressed over a puncture after a cleaner-solvent had been applied, would cling tighter than a brother.

Bob Bowes headed south from Indianapolis. He was the sales department. Production wasn't much of a problem. His brother Charlie attended to that of evenings, after putting in his day's work for the telephone company. Sales were the thing. Quick turnover.

Bob Bowes took along a boy as a helper. They had to take in \$90 a week to get by. The idea was to approach an automotive supply dealer

and get permission to demonstrate and sell their patches in the dealer's store for a day. Proposition:

"I'll give you ten per cent on the sales I make. I'll sell to two out of five prospects. The other three represent future business. They'll buy from you after I've gone on. They're your meat for the regular dealer's discount."

First, Bob Bowes had to sell the dealer on the tire patch and on his



INDIANAPOLIS ENGRAVING CO.

Shafer's the lean one—he handles the books and figures. He figures close. Denny's the chunky one—he handles production and purchasing. He figures close, too



proposition. Then he had to sell a sizable number of patches for the dealer—and for himself. He had to keep the contents of that bundle turning and turning fast. Sell and collect. Rush the money home to Charlie so Charlie could make and ship him more patches.

"But we did it," Bob Bowes grinned. "And what fun we had. Not that there weren't complications. The kid I had with me got married, the monkey. But he stuck in spite of that."

"Then at Nashville somebody stole the proceeds of our demonstrations there. Luckily I'd given the kid \$25 earlier in the day. That and a supply of patches was all that stood between us and ruin. No use turning back. We went on to the next town which was



Atlanta. When we got there we had exactly \$1.35.

"We went over to the Piedmont Hotel.

"Kid, you go in the lobby here, sit down and stay there. I've got time to see just one dealer this afternoon and he's got to be the sale."

"Over the way I saw a sign—'Automotive Supplies.'"

"Kid, there he is, right across the street."

### He had to make the sale

"THAT afternoon I found out that you can sell almost anybody anything if you want to bad enough. I followed that dealer up and down the aisles of his store until he finally threw up his hands and consented to my putting on my act in his window next day. Then I went back to the hotel.

"Okay, kid. Let's register—and eat."

This helps to show why Bob Bowes' sales force listens when the boss starts telling them how to sell. He's been through the mill. During the process he's developed some pretty definite ideas on distribution and selling.

He has, for instance, built up and developed his own system of controlled distribution. He has his own exclusive wholesale distributors and representatives who are hand-trained to sell his products to standard-price retail dealers.

"A distributor can do a merchandising job with a hundred dealers and make money for them, himself and the company. With 300 dealers he would fail. He wouldn't have time to show them how to move our goods. That's got to be done. You can't dump goods on a dealer's shelves and call it a day. You've got to educate him and cooperate with him in selling those goods to the motorist. The guy in the service station's a human being. We treat him like one.

"Our salesmen try to pick out the most progressive dealers to handle our line. We compliment those dealers on their shops and on their businesses. We buck 'em up, rub their backbones. We tell them they look like they can do a job of selling. We tell them that if they don't think they can do a job with our line we don't want them to take it on. It won't do them any good and it won't do us any good.

"Give a man that kind of treatment and his chest swells up. He goes to bat for himself and for you.

"We renew the treatment about every three weeks. You've got to keep a man sold on himself and sold on your goods if he's going to sell those goods."

Bob Bowes has a territorial supervisor for each 12 salesmen. His own salesmen get individualized attention just as he expects them to give individualized attention to dealers. The supervisors hold school once a month for those salesmen. They buck 'em up, rub their backbones, tell them they can do a job of selling—and show them how to do it. Then they follow them through the territory to see that it's done. Bob Bowes attends those schools. He knows his salesmen by their first names and they know him.

He's hired a good many of them himself. Bob Bowes believes in paying a man according to his ability. He explains that to the man who asks for a selling job. Tell any salesman that and he'll nod his head in



Hammel's presses print the names of the 400 along with those of the four million

agreement. Then Bob explains that selling the Bowes line is a straight commission proposition. Sometimes the visitor's face falls.

"Oh, can't take it, eh," Bob Bowes exclaims, pressing the visitor's hat on him and edging him toward the door. "And you tell me you're a salesman. . . ."

Usually the visitor slams down his hat again.

"You bet I'm a salesman and I'll show you how good I am. . . ."

They've got to be good. Bob Bowes charges nothing for a franchise to handle his line, but he requires that his salesmen do a job for him.

"They've got to make \$4,000 a year or better. They'll keep happy and they'll keep humping for that money."

He knows his salesmen and they know him. They keep their eyes open for chances to boost the boss—and their own—business.

Some time ago one of his men was driving through the Hood River Valley in Oregon. Apple country. The salesman stopped to talk with an apple picker. He noticed that the man had a strip of friction tape wrapped around his thumbs.

"Oh, that. Why, quite a few of us around here do that," the picker explained. "It helps us grip the apples. It's better than gloves. Cheaper, too."

The salesman tipped off the boss and the boss tipped off other Bowes salesmen in the territory. The salesmen tipped off dealers, got them to promote the use of friction tape—Bowes friction tape—on other apple pickers' thumbs. They promoted the use of about two tons of it, in fact. Because a salesman kept his eyes open and knew his boss well enough to tell him about it when he got an idea.

### Morale against depression

BOB BOWES has been through a pretty tough school and he's pretty hard-boiled. But he stands on his own feet and he takes a good deal of pride in getting his salesmen and dealers to stand on theirs.

Back in November, 1929, with stocks tumbling and panic beginning to grip the country, Bob Bowes drove 10,000 miles through 32 states to visit 65 of his distributors.

He saw what was happening and what was likely to happen. He was acting on another idea—the idea that a manufacturing business is divided into two parts. One is function, the more or less mechanical processes of making goods. The other is force—the will to do, morale.

"That last is the really important part of any business," he told me. "But too often in times of crisis it's forgotten entirely and all attention is devoted to function—trying to trim manufacturing costs, cheapening the product, a hundred and one similar expedients. It's far better to

(Continued on page 54)



# What's Ahead in Washington

## W. M. KIPLINGER Puts a Few Things in Perspective

**Dear Mac:** You and I have often disagreed about Washington. Perhaps it's a good thing.

You get all hot and bothered about current matters which I dismiss lightly. You attach significance to talk, acts, speeches and headlines to which I give little weight. You sometimes say I'm asleep at the switch.

I often annoy you by talking of situations which have not crystallized as yet, but which are in process of formation. You say I cross bridges too soon.

But remember that Washington actions, Washington policies, don't "just happen." They spring from complicated sets of forces—political forces, social forces, economic forces. You can see these forces at work, and if you make a picture embracing *all* of them, you can see a situation coming, before it bursts upon you. You can be prepared.

Sometimes you make mistakes in looking ahead. (Or, at least, I do.) You prepare for situations which evaporate, which don't develop. Unless you are omniscient, this is inevitable, because it is difficult to know and appraise accurately the combination of a lot of human forces. But surely it's better to *try* to see ahead, and sometimes be wrong, than to be content with looking sideways at the present, the current, the passing news.

Another point of occasional disagreement between us is that you like to be told pleasant things. You complain that my reports are often "unpleasant." Yes, that's true. But it is utterly unsafe to be guided by even the slightest consideration of whether a situation is pleasing or displeasing. What is good news to you may be bad news to others.

In viewing Washington, it is easy to be emotional, hard to be realistic and practical. But for your purposes of guiding business policies to accord more or less with political policies, it's better to be practical and cool.

Well, let's get on to our job of looking ahead.

### Business Outlook

IT still seems accurate to figure on business recession between now and July—more recession than is ordinarily expected at this time of year.

To get perspective, consider that business volume in January was 90—the Federal Reserve Board's index of industrial production. This means that it was 90 per cent of the standard volume for January. For March the index may sink to around 87 (estimate). April, May, and June are expected to be progressively lower, and the July figure may be somewhere between 76 and 78. This means that midsummer business volume may be a little more than three-quarters as much as standard midsummer business volume. It means relative decline from the high of January.

Moderate pick-up in the fall. Average for the entire year 1935, 82 to 85 index, industrial production. Slight betterment over 1934, but not much.

This pattern of expectations is not essentially different from the pattern written you last month, but it is a little surer. Developments in the past month have served to confirm the earlier budget of prospects between spring and summer. Heretofore there has been a little doubt about the downslide of business, due to hope

that the capital markets would open up. This hope has not been abandoned, but it is not strong.

The views represent composite opinion of a group of analysts and technicians on whom I lean. I do not originate them, and I do not trust the opinions of any one man.

You will not find much support for these views on the business future in the newspapers these days. The news is always weighted on the side of rosiness and ballyhoo.

### Washington Depressants

WASHINGTON influences will be essentially depressing between now and midsummer. The predominating influence will be uncertainty—new uncertainty about many items of

legislation, new threats of impulsive action by Congress, new evidence that government policies are not under clear control of any one group or set of influences. Reasons and details will be discussed later.

### New Deal Break-down

THE Roosevelt régime in late February and early March met the greatest crisis in its affairs since the hectic months immediately following its inauguration in 1933. It

had serious reverses in both Congress and the courts. It has consolidated position to some extent since then, but it is now clear that the Roosevelt control of Congress is less than was anticipated a couple of months ago. It is less than I told you last January to expect.

The break-down will be progressively accentuated over the course of the next few months, while Congress is in session. (Adjournment probably will be late in June.) The Administration will be forced to fall back from its earlier positions, its earlier intentions, its earlier reform program. It will be forced to abandon some measures for which it had previously hoped, and to accept partial half-way legislation instead of whole measures.

### Business Implications

I THINK it is accurate to say that business men as a class, big and little, are not sympathetic to the New Deal program. There are exceptions, both as to individuals, and

as to attitude toward certain New Deal plans. But the underlying spirit is not cordial.

You might think, therefore, that business would be glad, that business confidence would be helped, by evidence of New Deal weaknesses. But this does not follow, because the disintegration of New Deal influence is not accompanied by the ascendancy of any other well-defined influence. Sentimentally a majority of business men may rejoice over Roosevelt's loss of prestige, but they will show new caution during the next few months.

### Political Implications

THE Roosevelt tide is now definitely ebbing. This is a mere statement of fact. It is acknowledged even by most ardent of New Dealers, including the President himself.

Whether Roosevelt will be reelected next year cannot be predicted with any certainty. Probably a majority



of political observers feel that he *will* be reelected. But it is significant that in all intelligent discussions nowadays, a new element of doubt has entered.

The defection from Roosevelt is on two sides—semi-conservatives and semi-radicals, both of whom heretofore have supported him and his policies. Thus, inevitably, he will become a political middle-of-the-roader. He will tack, now right, now left, but generally he will steer the middle course. To conservatives, he will always seem radical. To radicals and extreme liberals, he will always seem too conservative. Talk of right swings and left swings will be heard frequently from now on. Discount the talk. Remember that right incidents and left incidents come along from time to time, but that they are *incidents*.

## Recovery, When?

IT has often been said that the New Deal has retarded recovery, and it has often been denied. It is now frankly admitted by New Deal officials. They do not apologize, however. They say that postponement of recovery is a proper price to pay for political, economic and social reforms. The only trouble is that now it begins to look as if some of the reforms desired by the New Deal cannot be accomplished.

It is futile to talk dogmatically about how far along business recovery would have been by this time if it were not for New Deal experiments. It seems accurate, however, to say that recovery to some generally satisfactory level has been postponed to late 1936 at the earliest, and possibly 1937, and that politics now constitute a brake on recovery.

## President Himself

INASMUCH as the whole New Deal hinges largely on the President, it is particularly important to appraise him anew, now that he has been in office two years. There is no Washington consensus on him, so I shall tell you my own impressions, based on close impersonal observation not only of him but preceding Presidents.

His personality is charming, a great asset. He has good impulses.

He wants to do the right thing for the greatest number of people. He is a real "humanitarian." At heart he is more conservative than radical.

It is true that he is inclined to say "yes" to everyone and everything. He doesn't mean, "Yes, I approve." He means, "Yes, I understand." Callers don't understand the habit. Consequently he has the reputation, not fully deserved, of kidding callers and changing his mind often.

He doesn't think things through; he *feels* things through. He is an artist rather than a scientist.

He is not a good administrator, in the sense that he does not assign definite duties and definite responsibilities and see that they are executed. (As an administrator, Hoover was good.)

He talks too much about subjects on which he has only a smattering of understanding. He does this repeatedly in press conferences, meaning to be a good fellow and "give the boys a story." Often the result is to confuse things unnecessarily for a few days, until some subordinate can cook up an explanation to give the President an out. (Hoover and Coolidge were good listeners.)

He has many personal prejudices, biases, grudges, and he allows them to influence his official acts. The hate of certain individuals influences him in his attitude toward public utilities. The hate and jealousy of "anything Hoover" influence him in his intra-government administration policies.

He understands mass psychology. He is a good mass politician.

He has very little fundamental philosophy. His intentions are good, but they are not supported by sufficient principles having to do with the *what* and the *why*. He is guided by expediency more than by conviction. A little of this is a good trait in a public man; too much is dangerous.

He has courage, as will be demonstrated frequently in the next few months.

He can fight as well as smile. He will be a better fighter than Hoover was.

## What's Happened to New Deal

LET'S not stop to recount all the accomplishments and results of the Roosevelt Administration. Obviously some are good, some are bad, most are mixed.

Measures have been frankly experimental. Many of the experiments have partially failed. The excuse is that they had to be tried in order to demonstrate whether they would work. The more critical view is that more matured thinking-through-in-advance would have demonstrated the failure of certain schemes without the loss of time.

Tremendous things have been tried with a spirit which seems like nonchalance, carelessness, irresponsibility. Criticism and questioning were pooh-poohed on the ground that the intentions behind the acts were noble. A grand intoxication was in the air. It communicated itself to Congress, which went along on anything proposed by the President.

Now the whole program is beginning to face the tests of realities, which are always more solid than imaginations.

The intoxication is beginning to wear off. The realities still remain. They are of several kinds.

Congress never was as strongly New Deal as the President. It went along with hope, but not with conviction. Finally, early this year, it developed that the President's political magic had a flaw. It showed first in the failure of the World Court, but this was minor. It showed next in the discovery that he had no well-matured plan for spending four billion dollars for works-relief.

It showed next in several court rulings that New Deal measures were unconstitutional.

Presidential prestige in Congress has declined perhaps 20 per cent in the past six weeks. And grumbling is heard from out around the country, both from conservatives and from those elements which want the Government to do *more* for them than it is doing.

The New Deal hasn't broken down. It still has tremendous force behind it. But everything hereafter must be carefully figured. Magic is past. White rabbits no longer please the audience.

## Result of What's Happened

THE most immediate and most practical result of the progressive break-down lies in the prospect for failure of much New Deal legislation in Congress. The whole program must be recast, refigured.

Congress will not whoop through everything the President wants. Congress will be more critical, more examining, more reluctant to use the rubber stamp.

Delay will be the strategy used to kill or compromise many measures. Delay until May or June on many big bills means that the opposition has better trading stock. There will be more log-rolling, trading of votes. June will bring a furious phenomenon of vote-trading.

When Congress finally ends its hectic session, there will be less reform legislation on the statute books than has been promised or threatened. But meanwhile the lack of certainty of this will cause continual anxiety.



## Bills in Congress

FORECASTING the fate of specific bills is made unusually difficult just now by the new critical mood which is moving Congress. Moreover lobby organizations have come back as

prime factors in shaping the attitudes of a Congress more keenly sensitive to popular opinion.

**Public works and relief.** It is assumed that the bill will be law by the time you read this. Direct relief (doles) will continue indefinitely, notwithstanding the Government's laudable ambition to substitute jobs for doles. The list of public works to be undertaken will look much like those started in 1933 and 1934, except that grade crossing elimination and rural rehabilitation will get added emphasis. Much will be heard about low-cost housing but it will not loom large in total volume.

**Public utilities.** The drastic death sentence section of the Rayburn bill will be changed so that holding companies under strict supervision will have an indefinite time for reorganization and reforming themselves. And provisions for federal regulation of operating companies will be considerably relaxed. There is an outside chance that the whole bill will get snarled in last hour Senate embroilments and go over for another year.

**Economic security.** Expectations of a comprehensive system of old-age pensions and unemployment insurance will be greatly deflated. The more Congressmen look at the thing, the less sure they are that they can devise a law which will provide the benefits which millions have been encouraged to expect. It appears reasonably certain that old-age pensions will be provided for the aged now on relief but it would not be surprising if contributory pensions and unemployment insurance should be left on the docket of unfinished business.

**Railroads.** Chances are against any broad program of railroad legislation, especially truck regulation.

**Banking.** A banking bill probably will pass but it will not contain all that the Administration wants. The Coughlin-inspired Nye central bank bill will not pass.

**NRA.** Precise nature of new legislation is much in doubt, but it is clear that after June 16 there will be a return to full and free competition as to price control and production limitations for most industries. A few natural resources industries will be singled out for special treatment under government supervision.

**Taxes.** A tax bill will be passed. It will be mainly a reenactment of existing excise taxes but a few new excise items may be added. Liberals in the Senate will try to load up the bill with share-the-wealth and social reform amendments. Most of these will fail to become law.

**Inflation.** No outright greenback or currency inflation bill will get through Congress. But events and measures are working steadily toward credit inflation. Dollars are becoming less valuable, things more valuable in terms of dollars. This will be generally recognized in 1936 or 1937. Congress is inflation-minded. What it will fail to do through direct currency inflation it will largely accomplish through the stretching of government credit—bonus payments, relief, public works, loans for homes, farms, other purposes; banking devices, silver.

**Food and drugs.** Looks as if the modified Copeland bill will pass.

## Personalities

THE President is on the look-out for new men, new blood, "practical" advisers who will come into the Administration and straighten out a number of administrative agencies which are bogging down. He needs more hard-headed doers like Morgenthau, Jesse Jones, Myers, Chester Davis, Joe Kennedy. Even the Cabinet may come in for remodeling. Betting is about 50-50 that Farley will quit. Roper might succeed him as Postmaster General. Cummings' resignation is rumored.

Richberg as "Coordinator" finds it impossible to co-

ordinate but he is useful to the President as handy-man on NRA policies and regulation of business.

Huey Long, known as a clown two years ago, is now recognized as an able agitator and a menace to Roosevelt's reelection. The Administration will decide to fight him instead of ignoring him.

Father Coughlin wields mass power comparable to Long's but he is not so incorrigible. I suspect that the Administration can wangle him into line before he severs all relations and takes to the war path against the whole New Deal.

## Department of Commerce

THE Department of Commerce has lost the vigor, vitality, and the "spirit of service" which it once had. It has lost influence within the Government, and with Congress.

Other agencies are performing functions of direct importance to business which might logically fall within the sphere of the Department of Commerce.

Attacks on the Department by business interests in pre-Roosevelt days helped to undermine it, and now it has been devitalized by political patronage and partisan incompetence.

## Party Racket

REMEMBER that Government is now a "special interest." It is being administered in such a way as to

build party machinery.

Things are done in the name of "public policy," but deep down underneath can be found "party policy." Abuses are great. Suspicion is warranted.

## Your Attitude Toward Gov't

OFTEN I've advised you to go along with Washington, whether you liked everything or not. I've told you to give government the benefit of the doubt on all close decisions.

I've advised cooperation.

I still think in the same terms, but in different mood. It is still desirable to go along, to cooperate. But it is no longer necessary to be soft in judgment of an Administration which has had two years in office.

It is now time for business to speak out. This applies to business men individually and to business men's organizations.

Be thoughtful as to the spirit. Don't fight just for the sake of putting the Administration in a hole. Don't be partisan, don't think in terms of elections. Think only of the necessity for business recovery, and of the Government's demonstrated inability to accomplish recovery by its own efforts.

Be long-visioned. Remember that the Government has the masses to reckon with, and so do you. The Government must do certain things which seem to you to be immediately undesirable, but which are necessary for the long pull in order to maintain a social and economic order which is not too much changed from the present order.

Test your own ideas in the light of popular pressures, for these are against not only the Government but also business.

Suppress exasperation. Don't tirade. Be reasonable. Remember that organized groups of business men get further in Washington than individual business men.

Now is a good time to express your ideas to your Congressmen or your Senators.

Sincerely yours,

*Wm. L. Hughes*



# Will Shorter Hours Bring Prosperity?



PHOTOS FOR NATION'S BUSINESS BY LOHR

Stage setting for the "labor" hearing. The witness (in this photo, William Green) stands at one end of the long table where Board sits. Behind are the Board's advisers



Sidney Hilman questions Mr. Flanders. The quiz lasted more than an hour

**F**OR four days the National Industrial Recovery Board heard alternate speakers point out divergent routes toward its goal of wider employment, greater purchasing power and a decent standard of living. From the resulting voluminous record, the Board will attempt to map a fair general policy to which code administration and provisions will be expected to conform.

Representatives of labor, industry and consumers marched one by one to the rostrum in the Commerce Department Auditorium and stated widely differing views. Labor maintained a solid front for the 30 hour week. Industry insisted this was impractical. Questions of minimum wages, wage differentials, exemptions from labor provisions in the codes and labor representation on code authorities also bobbed in and out of the testimony.

Usual procedure of a code hearing was followed. Board members sat at a long table, one end of which was reserved for the witness. Behind them sat their advisers, in front an audience of business people which reached such size that extra chairs were necessary.

After receiving the direct statement, Board members questioned the witnesses and some of the questioning at this hearing was sharp.



Ralph E. Flanders, Jones & Lamson Co., was the first speaker selected by the Industrial Advisory Board



Board Members Henderson (standing) Smith (left) Whiteside

The scheduling of speakers also brightened the proceedings, witnesses chosen by the Labor Advisory Board alternating with those named by the Industrial Advisory Board. Jaded observers of many code hearings voted this the liveliest held so far.



# Labor's Quarrel with the President

By LOUIS STARK

Of the Washington Staff, New York Times

WHEN Mr. Roosevelt entered the White House, union labor had high expectations. It believed that the new Administration would be at least "friendly" to organized labor. Since then, the attitude has changed. The extension of the automobile code without consulting union labor was the most recent of many events which have brought the President and organized labor almost to an open break. These events and their effect on relations of labor and the Administration are explained here

IN RECENT months organized labor has suffered reversal after reversal. Its surprise at this almost equals its disappointment because, in the beginning, organized labor looked upon President Roosevelt as distinctly "friendly" toward labor. It had expected considerable gains under his administration. These expectations have not been fulfilled. On the contrary, Administration actions have repeatedly been unfavorable to the labor cause.

The climax came when the President, on the last day of January, decided to extend the automobile code from February 1 to June 16, 1935, without consulting union spokesmen directly. Organized labor swung its heavy batteries into action, aiming them in the general direction of the White House, but just low enough to cover the President's No. 1 man, Donald R. Richberg, while missing the President himself.

By a prompt, adroit manoeuvre Mr. Roosevelt served notice on the trade unions that he would stand by an appointee so long as anybody demanded that he be fired.

He made this point, not in the case of Mr. Richberg, however, but in that of S. Clay Williams, Chairman of the National Industrial Recovery Board.

After the A. F. of L. convention last October, Labor had demanded that the Chief Executive remove Mr. Williams—an officer of the R. J. Reynolds Tobacco Co.—because it was displeased with his part in the long



Francis Gorman and John L. Lewis, labor leaders, hear the 30-hour week attacked

delay that preceded presentation of a code for the tobacco industry. In a diplomatically worded "Dear Bill" letter, dated December 21, 1934, and made public February 6, 1935, addressed to William Green, president of the A. F. of L., Mr. Roosevelt said in effect:

"Don't try to intimidate me."

## A visit and two statements

HARDLY had the "Dear Bill" letter been made public when an appointment was made for the Executive Council of the Federation to call at the White House.

The President received the union chiefs, 16 heads of international unions, with gracious cordiality. Mr. Green read a prepared statement. A 20-minute chat followed.

As the Labor leaders left the



PHOTOS FOR NATION'S BUSINESS BY LOHR

Mr. Green tells an NRA hearing of labor's dissatisfaction over enforcement of Section 7a

White House, correspondents received from Mr. Green's secretary copies of his statement. They were still at the telephone dictating their stories when a statement on behalf of the President was given out. It was as gracious as the words of Mr. Green. Mr. Roosevelt spoke in a friendly way of the Federation, praised collective bargaining and indicated that he would be glad to have a visit from the union chiefs at any time.

But to newspaper observers there was something "synthetic" about the truce. Perhaps the hatchet was really buried, but the unions still said they were opposed to the labor adjustment machinery of the automobile code and to the Automobile Labor Board. They still favored the 30-hour week; they still urged on the President a trade dispute act that would outlaw the company union; they still argued that Section 7a should be written into the substantive law. They did not budge from their determination to have the prevailing rate of wages written into the relief bill.

Mr. Green said all these things in a meticulously prepared friendly



statement. Equally meticulous was Mr. Roosevelt's verbal caress. But in some quarters there was a bit of a suspicion that perhaps the President had received a copy of Mr. Green's statement in advance, "just for your information." The promptness of the President's statement to the press—about 20 minutes after the departure of the labor delegation—may have been a coincidence. Could the whole thing have been a "show," put on in the spirit of "good clean fun" to get over an awkward situation and to avoid an open break between organized labor and the President?

Whatever the motive, the fact was that neither side moved an inch from its previous position. On the surface the near-break was smoothed over. Underneath, the wide fissure still remained.

The automobile code extension and the Williams incident were merely the last in a chain of events that, spread over a year and a half, brought labor and the Administration to the point of an open break.

At the very beginning of his administration, President Roosevelt had gotten off on the wrong foot with organized labor. The A. F. of L.'s candidate for Secretary of Labor was Daniel J. Tobin, president of the International Brotherhood of Teamsters. When the President appointed Frances Perkins, the Federation an-

nounced it would never be reconciled to that action. There has been no reconciliation. There has been "cooperation" in important matters from time to time, but in the main the labor group regards the woman member of the Cabinet as a social worker, deeply interested in child welfare, social insurance and kindred matters rather than in the nuances of the organized labor movement and its day to day affairs.

Then came Section 7a of the National Industrial Recovery Act. This section assures employees the right to organize for collective bargaining through representatives of their own choosing, free from interference, restraint or coercion of employers. It provides that no employee shall be required, as a condition of employment, to join a company union or to refrain from joining a labor organization of his own choosing.

This provision evoked loud rejoicing in the trade unions. Here was a "Magna Charta," a veritable mandate from the Government to workers everywhere to form unions. Union hosannas mounted to the skies as union organizers spoke to the multitudes. Miners paused in their descent

into the earth and listened to the message which exhorted them to join the union. Migratory field laborers in the Scioto marshes and in the San Joaquin Valley signed union applications.

For six months, nine months, a year, union enrollment went on. Concurrent with the formation of unions was the activity of employers in fostering employee representation plans.

### Federation vs. company unions

THEY reasoned that, since the Recovery Act provided for a method of adjusting disputes through collective bargaining between organized employers and their employees, the impulse for such organization could legally come from the management. The employers wished to deal solely with their own employees. Outside unions, they felt, could not adequately represent the employees of their respective plants. They argued that the outside union executive was interested in the welfare of his own union rather than that of the employees in a particular plant. Union leaders, on the other hand, sought to impress the employees that only through an outside organization could they obtain that status which would give them a parity in bargaining power with their employer, for, they said, the outside organization was not limited in its ability to engage experts for the presentation of the employees' case. They appealed to the employees on the ground that only through union funds might the employees obtain aid if they were compelled to strike. The employee representation plan provides no such funds and has no dues.

Rivalry between the company unions and the outside unions developed rapidly. Strikes and lockouts followed.

In August, 1933, the President named a National Labor Board and made Senator Wagner chairman. On the board were spokesmen for employers and employees. The Board was expected to mediate strikes, conciliate disputes, arbitrate grievances. In two months it faced a crisis, although it did not know it at the time. That was the Weirton case. The Board had arranged for workers on strike in the Weirton Company's steel plant to return to work pending an election of spokesmen for collective bargaining to be held in December.

When the time came for balloting, the company maintained that the Board had agreed to supervise a company union election. The Board demurred, asserting that it had agreed to supervise an independent election.

(Continued on page 76)



PHOTO FOR NATION'S BUSINESS BY LOHR

Presidential choices to whom labor objects. The A. F. of L. has asked dismissal of Clay Williams (above) and Donald Richberg. It has never been reconciled to the appointment of Miss Perkins



UNDERWOOD & UNDERWOOD



# The Holding Company's Right to Live

**HOLDING** companies have been much in the limelight in the past several weeks. Attacks upon them and defenses against these attacks have filled columns in the newspapers. The public, which had generally paid little attention to holding companies, began asking questions.

A good many of these questions reached **NATION'S BUSINESS**. We, in turn, turned them over to men who were qualified to answer them. Here are their replies to the questions most frequently asked

**1· What is a holding company?**

A holding company is a company which acquires and "holds" the common stock of a number of separate and local companies. Usually the local companies are engaged in the same line of business.

**2· Then is an investment bank a holding company?**

No. An investment bank, so far as securities are concerned, functions as a middleman. It functions frequently as a marketing agent for companies in the sale and wider distribution of securities.

**3· Well, how about the investment trust? Is it a holding company?**

An investment trust seeks diversity of business activities in its holdings and usually prefers—in fact, in most instances, is required by law—to purchase senior securities, that is, bonds and preferred stock.

The investment trust is purely an investment concern with no intention of obtaining managerial control or betterment in an industry or industries.

**4· Does a holding company seek such "advantage or betterment" for the industries whose stock it holds?**

Yes. The chief purposes of a holding company are to facilitate financing, and coordinate the management of widely scattered operating units of a business enterprise.

**5· How does it accomplish this?**

Through holding a controlling in-

terest; i.e., a majority of the common stocks of operating units.

**6· How does the holding company profit by this?**

The more economical financing, improved management, and other economies effected by operating companies increase the return on the common stock which the holding company owns.

**7· How does this affect the people who use the service or purchase the commodities of the subsidiary companies?**

It usually assures them continuity of service and the advantages which scientific research and technological development may produce in the quality of goods or service. The subsidiary companies themselves are assured of expansion of business as needed and wider markets.

**8· Does the holding company give the customers of such industries lower priced goods and services?**

This does not necessarily follow. Public utility holding companies in many instances supervise local company management, make volume purchases of supplies and equipment, furnish engineering, accounting, legal and other services to their underlying operating companies, the idea being that this may be done by the central holding company better and at less cost than if the operating companies each did these things for themselves.

**9· Is the holding company a new idea?**

No. The basic elements of the hold-

ing company may be traced back through industry for hundreds of years. Specifically, in this country, New Jersey in 1888 made legal provision for corporations to hold stocks of other corporations. Other states followed.

**10· What are some present-day holding companies?**

The United States Steel Corporation, Standard Oil Company of New Jersey, Allied Chemical and Dye Corporation, Pullman Company, Drug, Inc., American Radiator and Standards Corporation, Eastman Kodak Company, American Telephone and Telegraph Company, Electric Bond and Share Company are a few. Even the Federal Government has several corporations incorporated for the most part under the laws of Delaware.

The Tennessee Valley Authority, for instance, is a holding company, in the sense that it controls subsidiaries such as the Electric Home and Farm Authority and the Tennessee Valley Associated Co-operatives, Inc.

**11· Then the holding company is not restricted to the utilities field?**

No. Almost every large industry in the United States is affected in some degree by holding company operations.

**12· If this is true, why do we hear so much about their operations in the utilities field?**

Industrial development and corporate reorganizations generally take place without much public notice except occasionally where some legal question and court action have attracted public attention. With public utilities, which come into intimate contact with customers and sell direct to the consumer, public notice is more easily attracted. Furthermore, public utilities, like the light and power industry, are subject to state regulation. It is recent discussion of the effectiveness of state regulation that has attracted attention to

*(Continued on page 80)*



# Illinois



The protected route system spreads from Chicago to the borders of adjoining states

**B**USINESS is going after hijacking.

This newest of American crimes, an outgrowth of the prohibition era of bootleg whisky truck stealings, is putting a heavy impost on shippers and that means an extra expense to every normal consumer in the country.

Insurance rates went sky-high three years ago and some companies refused to write truck cargo insurance at any price.

Many of the losses fall directly upon the owners but even where there is insurance the expense is almost as bad.

Hijackers can thrive all over the country because there are unscrupulous store owners eager to get their "loss leaders" at a profit or because people are willing to blink at a bargain they must know is not on the square.

Modern hijacking as a police and mercantile problem cast a long shadow before it a dozen years ago in the innumerable cargo thefts of bootleggers' cars. On the city streets of New York, Chicago and other big cities and along main illicit liquor arteries such as the famous Detroit-Chicago rum-runners' highway, gangs developed a hijacking technique that resisted all interference.

When hijackers transferred their attentions and affections to other types of merchandise than whisky five or six years ago, the police found themselves unequipped to deal with the problem.

This was true, too, of business men, traffic managers, shipping clerks and truck drivers. Every time a truck went out with an especially valuable load—these cargoes sometimes are worth \$15,000 to \$25,000—responsible employees in the office and shipping department trembled. Wives and families of drivers lived in terror.

Today hijacking is costing business millions of dollars annually. It is one of the most insidious of crimes. Hijackers wear no labels, carry no tools and work so rapidly that capture is extremely difficult.

The crime is so new that it has not even been given a place in crime statistics or in insurance actuarial information.

Several years ago the front office was only vaguely aware of the problem. Marine insurance companies were called and cargoes given protection. Solution of the problem was left to the shipping department.

Getting their heads together to protect themselves and their responsibilities, the shipping clerks and truck drivers resorted to exactly the same tactics that the bootleggers had used. They dodged. They moved off any

**THEFT** of truck cargoes, which reached such proportions that insurance companies refused to issue policies covering this type of risk, is proving to be a hazardous venture in the Chicago area since business men and officials, combining their efforts, worked out a plan to stop it

given route before reaching a vulnerable spot. They varied their time schedules.

However artful the dodging, it failed; but it was only a year ago that anybody thought of the solution and it is only since October 1, 1934, that the solution has been used on as broad a scale as a whole state. That state is Illinois.

The new strategy is to come out into the open instead of hiding, to use as few routes as possible and to get the police and detective cars to key their beats into these routes.

It took almost a revolution in police ideas to accomplish this change, but it was done. On city streets in Chicago alone protection is extended to routes covering between 250 and 300 miles.

This system was worked out by the Cartage Theft Committee of the Chicago Association of Commerce and probably no group with less tenacity of purpose could have accomplished it.

Chicago's civic economies had left the city with a putative shortage of 2,000 policemen when the need for policemen was the greatest. Of the 5,000 men in service, nearly all have such definite duties that there is little mobility in the force. Policemen have been called upon to guard plants where strikes seemed to be heading toward unruliness or violence and while this has been a thankless burden for which the police have no pleasurable contemplations, there is precedent for this type of duty and no precedent for protecting truck cargoes.

## Liaison with other police units

IN spite of these handicaps the committee has progressed so far that it not only halved metropolitan district hijackings in the last six months of 1934 but is responsible for a liaison system interlacing Chicago police, Cook county highway police, village police in the suburbs constituting the metropolitan area, and state police operating as far away as 300 miles.

The protected route system spreads fanwise from Chicago to the borders of Wisconsin, Iowa, Missouri and Indiana. This includes several routes to East St. Louis



# Puts Hijackers on the Spot

By HOWARD R. SMITH

300 miles from Chicago and the big highways into the Gary industrial district.

So effective is the system that the sponsors hope to get reductions of hundreds of thousands of dollars in insurance premiums this year.

The marine insurance companies, underwriters of most of the truck insurance, have been accused of fattening on the high rates they demand to encompass the losses entailed through modern road agents. They belied such a charge in 1932 when a number of them refused to accept this type of risk at any rate. Now, however, a downward revision is virtually assured but reduced rates will be made effective only after each shipper has shown an experience record proving his right to special consideration.

Statisticians never have come around to the premise that hijacking is a separate type of crime from robbery or package snatching and consequently real figures as to the financial consequences of hijacking have never

been available. A private agency in Chicago culled out the hijacking record for a two- or three-year period but the figures never received police approval. This reluctance was not completely an evasion of reality. It was rather a reflection of the policeman's psychology that it makes little difference in the final analysis of robbery statistics whether a whole cargo of radios valued at \$5,000 is taken at once or whether 300 or 400 radio sets reaching the same total figure were taken off trucks one at a time.

In truck coverage from the business man's standpoint, there is a difference, and business men need the hijacking statistics as a basis for comparison so that they can reduce what they regard as unnecessarily high insurance rates.

Protected routings are only a part of the new system of combating hijacking but they are important enough to be called its heart. There are many other preventive and protective measures which the shipper or contract



Police concentration began as soon as the hijackers' truck was spotted. Twelve men were in sight. Suddenly they were looking into sawed-off shotguns held by police



cartage companies must take. A moral obligation has been placed on all persons concerned to follow the rules on the theory that concerted action on one front will make the crime of hijacking so discouraging as to drive its votaries out of that means of livelihood.

### Truck drivers follow protected routes

THE key to the system is a four-page folder 12 inches wide and 16 inches long printed on blue paper. On the inside pages are maps of protected routes in the Chicago metropolitan area and over the Illinois network as far south as St. Louis. On the back page is a "report of loss" form. This report becomes part of the police record.

On the first page are the instructions. Several of the paragraphs are worthy of study. The first, of course, is a command to use only protected routes. Other provisions include:

Identifying symbols must be placed on each article in a shipment.

Convoy cars must not attempt to follow kidnapped drivers but must follow the stolen truck.

Truck owners must have bust photos of each driver they employ; each driver must carry identification cards.

Drivers must be trained to observe details of value to the police when involved in a holdup.

Drivers must be men of known honesty and clean records. Contracts should be given to cartage companies which observe care in personnel selection and are financially strong enough to make good such losses.

Drivers must not leave a truck at noon to have luncheon when engaged in city hauling.

Convoy cars should follow all highly valuable cargoes, remaining 200 feet in the rear of the truck.



At dusk a fast car overhauled the truck and slowed up alongside the driver's cab. "Pull over. This is a stick-up."

The folder shows the location of city, county and state police stations and carries telephone numbers of all of them.

Nearly a year and a half was spent in building up this system before there was any definite result in the form of a nucleus of protected routes inside Chicago.

All the work was pioneering from the beginning. In the Chicago police department were two men who had specialized for 20 years in cartage theft prevention and detection. They were products of the First Police District's efforts to save thirsty, trusting draymen of the old South Water Street market from their own follies. In that erstwhile, ill-lighted, saloon-infested section it

was once not uncommon for thieves to roll off half a cargo while a drayman was inside wetting his throat before he took his last load in at night.

The two special officers were doing a good job of cleaning up a nest of thieves when the motor truck came along and ruined their system. In those days it was easier all around. A policeman could club his prisoner harder and get by with it and he could get a thief into jail if he looked like a thief. When motor vehicles replaced horses, the police were left flat footed. Then too, the profession of law was suddenly expanded to enormous proportions with many a lawyer making his living off the red tape with which he could protect thievery. This has been particularly true during the depression.

Until 1932, these men, a lieutenant and a sergeant, were the cartage detail in a city which is said to have about 110,000 commercial vehicle movements every week over an area 20 miles long and 14 miles wide. Around them, the business men succeeded during the next year in having a detail built up with its own fast cars and its own special privileges of calling upon the regular police to do special service.

On October 1, 1934, after a valuable trial period on Chicago streets, the committee completed its routing work for city, county and state, having arranged for coordination of Chicago, Cook County and Illinois highway police departments, the United States Department of Justice and the United States Bureau of Investigation.

This combination makes a Middle Western version of Scotland Yard. Everybody works together and there are no territorial limitations and little red tape. Of

course, the Government will not prosecute a case unless it has an interstate connection. But the broadest interpretation possible is placed on every case and thus it is that city police under Lieut. James Kerr often are in downstate Illinois rounding up a gang and getting evidence for a federal case while the federal men inside Chicago find that their own case is one for state courts.

### Police are learning

THIS mixing has taught everybody concerned something profitable. The example of federal agents has been helpful in restraining the police from making hasty arrests of small fry and has resulted in several roundups which could have been made only by leaving the quarry free and unsuspecting until they dragged their companions into the net.

One such case recently involved a gang operating near Joliet, a keypoint in south and western truck routes and in east-west shipments on the Lincoln Highway not destined for Chicago.

Eight men were sentenced in that case after a trial in November, 1934, presided over by Federal Judge C. F. Woodward and prosecuted by Assistant District Attorney Lloyd C. Moody. One man in the gang was not caught and another was not tried because he had been apprehended in another crime in Missouri and was held there.

Three separate cases were built against the gang as a result of the policy of patience and waiting but it was necessary to prosecute only one to get sentences that

(Continued on page 60)



# In the Woof!

## Or "The Mystery of the Missing Threads"

THE WRITER of this lively satire knows government from inside and out. He knows bureaus and bureaucrats, he knows the eagerness with which they add to their powers and expand their personnel.

Already there are grades for meats, for eggs and butter and for other foodstuffs. The Government urges the consumer to buy by government grades and points to whatever response it receives as a spontaneous uprising by the public and as ground for further extending its power over business.

It's not only foodstuffs. Already the textile field has been entered. The AAA publishes a periodical called *Consumers' Guide*. In its issue for January 28 it tells how the Government approved a Code Authority for the underwear industry, to deal with complaints from everybody and anybody who feels that his or her underwear doesn't give sufficient wear. The consumer takes the underwear back to the shop, the shop turns it over to the Authority and the Authority passes judgment.

But the danger isn't only in the growth of government control of business, it is in the danger that business may be stifled.

Here's the way Prof. Robert F. Elder of the Massachusetts Institute of Technology describes the process:

"Most important is the claim that the establishment of compulsory standard grades would remove the incentive which leads producers to spend money on research to develop better products. Why try to develop a supergrade A when the product must compete with those which merely meet the minimum grade A requirements? There is a case which drives home the point very nicely. A manufacturer of fire extinguishers was making the best equipment he knew how to make, and doing nicely. Along came the Underwriters' Laboratories with a definition of 'acceptable' extinguisher equipment which was entitled to a reduction in the insurance rate. A standard having been set, most manufacturers and merchants bought the cheapest equipment which met the standard requirements. The company which made the best product it could was left with a rather thin market of unusually intelligent buyers. Thus minimum standards have a strong tendency to become maximum standards and to make the most profitable policy one of 'just getting by'."

**A** GOVERNMENT inspector disguised as a citizen entered a haberdashery shop and asked for a pair of United States Grade A cotton drawers. He examined the garment critically, stretching the cloth this way and that.

"A very fine piece of merchandise," commented the clerk.

For reply the customer bent back his coat lapel and exposed tin.

"Where's the manager?" he demanded.

In the office of the manager, who proved also to be the owner, the inspector produced a magnifying glass. Quickly he demonstrated that the drawers were four threads short of government standard.

"Four threads short!" he accused. "In the woof!"

Manager Klotz blinked.

"In the woof?" he asked weakly.

"In the woof!" the government man repeated. He took out a blank form, scribbled in the names of the store

and its owner, tossed it to Klotz, and strode out.

The paper cited Klotz for contempt of standard, and ordered him to appear *duces tecum*, April 1, before the Federal Board of Universal Grades for the First District of New York.

One hundred thousand federal police all over the country were similarly buying retail goods—from apples to xylophones—and examining them for conformance to government grade. The Government had set up universal grades for all retail products and instituted a nation-wide inspection system. Any person found selling a product below the grade stamped thereon was liable to fine or imprisonment, or both, for a first offense, and to revocation of license for a second. The Government seized and destroyed all misrepresented goods.

### Organized for snooping

THE country had been divided into 25 districts with a federal board of three men in each district commissioned to hold hearings on violations of government grades. The dockets of these boards were well filled, since many violations had been discovered in the three months after the organization got under way. Each board had a large staff of investigators who went about surreptitiously purchasing goods in retail stores. Each had testing laboratories manned by chemists and other scientists.

Bureaucrats had been working many years toward the development of this system and had finally persuaded Congress to appropriate \$50,000,000 with which to organize the project. This money would be returned to the Treasury, the bureaucrats said. No additional appropriations would be needed, since the retailers would bear the cost of grading and inspection. They were somewhat vague as to how much the extra service would add to the cost of distribution or to the cost of living should the retailers pass on the cost to consumers, but they were sure the amount would be insignificant, and increase the cost of each article of merchandise only a penny or so. The service might even show a profit!

Klotz, accompanied by his head



salesman and bookkeeper carrying cartons of underwear and bills of account, appeared in due course before the Federal Board of Universal Grades. Klotz was short, round, and bug-eyed.

He avowed nervously under oath his innocence, and offered supporting evidence in the form of half a dozen garments which he declared had been contained in the pasteboard box from which the drawers in dispute had been sold. These garments met the woof count requirements.

Klotz's books were then offered in evidence, and the Board learned that the drawers had been purchased by Klotz from Withered & Grey, wholesalers, of Boston. Thereupon, the Board caused a telegram to be dispatched to the Federal Board of Universal Grades for the Third District of Boston, apprising them of the facts, and requesting an investigation of Withered & Grey. The New York hearing was postponed for two weeks, pending a report from Boston.

### Spurious credentials

NEXT day a government investigator disguised as a retailer appeared at the salesroom of Withered & Grey in Boston. He produced a government retail haberdashery license, since no wholesaler or jobber was permitted to sell goods to a person who had no license, and exhibited also a confidential report of his financial rating. A member of the firm approved the account, and turned the customer over to a salesman.

The investigator spent more than two hours going over the stock. He bought nothing, but set aside certain samples which he said he would like to show his partner. Finally he departed with several parcels and the declaration that he would wire an order within ten days. Outside, he hailed a taxi and rode to the Federal Building.

A little out of breath, the government man laid the bundles of merchandise on the desk of the chief inspector and broke the strings. On top was a black derby hat.

This hat, he explained, had been obtained from Withered & Grey. The size stated therein was correct, he declared, and the shape of the hat complied with Regulation 42a of Section 6 of the government derby hat grades.

"But the felt of this hat!" he asserted, pointing an accusing finger at the bowler, "is adulterated with the hair of a Swiss goat!"

The chief picked up the hat and looked at it inside and out.

"Yes," he agreed, "it is adulterated. You can tell by its stiffness. The felt

of the American goat is much finer. But what about the woofless drawers?"

The inspector hastily mussed through the bundle. There were no drawers. In his excitement over the hat he had forgotten to carry away samples of drawers.

"Well, no matter," opined the chief inspector. "If the company sells adulterated hats it probably sells short-woof drawers."

The chief reached for a pad of printed forms, cited Withered & Grey of Boston for contempt of government derby hat grades, and ordered the owners to appear May 1 before the Federal Board of Universal Grades for the Third District of Boston.

On April 10, Boston received a telegram from New York asking for a report on the Klotz case. Boston wired back that no evidence on drawers had been obtained, but that a good case had been worked up against the company for selling adulterated hats. New York replied that it was not interested in hats but in drawers and that unless better cooperation was obtained from Boston, a complaint would be filed at Washington.

Chief Inspector Flanagan of Boston ignored this wire, but sent another that he had information that the Bowler Hat Company of Hartford, Conn., was manufacturing adulterated hats. Would New York please investigate? New York paid no attention to this message, and instead sent a complaint to Washington. Boston, having received no reply from New York, also complained to Washington.

Hundreds of similar complaints were pouring into Washington from district boards all over the country, each accusing all others of failure to cooperate in investigating cases that trailed across district lines. Washington officials called a national conference of district commissioners. The conference, held in the big auditorium of the new Department of Commerce Building in Washington, took nearly a week. All angles were explored as to how far investigators should go in running down cases. The problem was solved temporarily by putting on an additional 50,000 inspectors.

Some government officials believed that it was unnecessary to go back of the article, which itself was *prima facie* evidence of fraud. Others pointed out that it would be unfair to drive only the retailers out of business and let shoddy manufacturers and wholesalers remain. A retailer might really be innocent, having been deceived by a wholesaler. No, the wholesaler in each case should be investigated, and the manufacturer investigated, and the original producer, the farmer, in-

vestigated also, since the latter may have started the fraud in the first place by knowingly and wilfully having violated government production standards.

A cotton farmer, for example, it was pointed out, might violate government regulations as to the quantity of fertilizer to be used upon his crop, and thereby produce a weak fiber. A goat herder might exercise his animals too vigorously in violation of government requirement, and thereby produce a tough goat. The tougher the goat the coarser the hair.

### Investigators needed sick leave

THE Government now had 150,000 investigators in the field, but it was soon discovered that more would be needed because all of them were never on the job at one time. Many persons resented strangers accosting them on the street and demanding to know where they had bought their clothing or household goods. As a result, a large number of investigators were in hospitals or otherwise indisposed.

Cases were drawn out interminably. Costs of investigation ran high.

To keep a balance of government receipts over expenditures the cost of retail inspections had to be raised and reraised. There was nation-wide complaint over the rising cost of living, but reams of press sheets poured out of Washington stating that the public had demanded establishment of government retail grades and inspection, and that naturally such service cost money. Complaints to Congressmen and Senators caused the introduction of innumerable bills prohibiting retailers from passing on the cost of inspection to consumers. Hundreds of thousands of retailers were driven out of business and forced on government dole. As one government official expressed it, there were too damn many retailers anyhow.

Klotz, again accompanied by his salesman and bookkeeper, had appeared before the New York Board on April 15, but had been informed that the case was further postponed to May 1, pending a report from Boston. Twice a month for nearly a year thereafter Klotz appeared before the board, only to be told each time that the case had been postponed another two weeks. But finally, after persistent pressure from Washington, Boston came through with a report. It stated there were no short-woof drawers in the stock of Withered & Grey, the style of drawers in dispute having gone out of fashion, but that the garment in question had probably been manufactured by Cotton Mills, Inc., of Asheville, N. C.

New York wired the North Caro-  
(Continued on page 70)

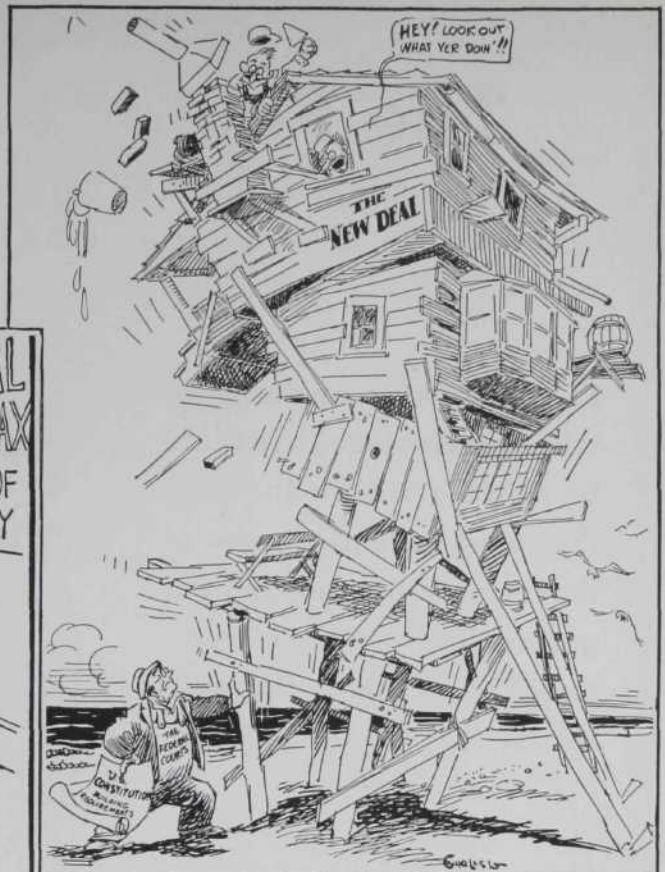


# Business News of the Month in Pictures



Interested Parties

ENRIGHT IN THE NEW YORK AMERICAN



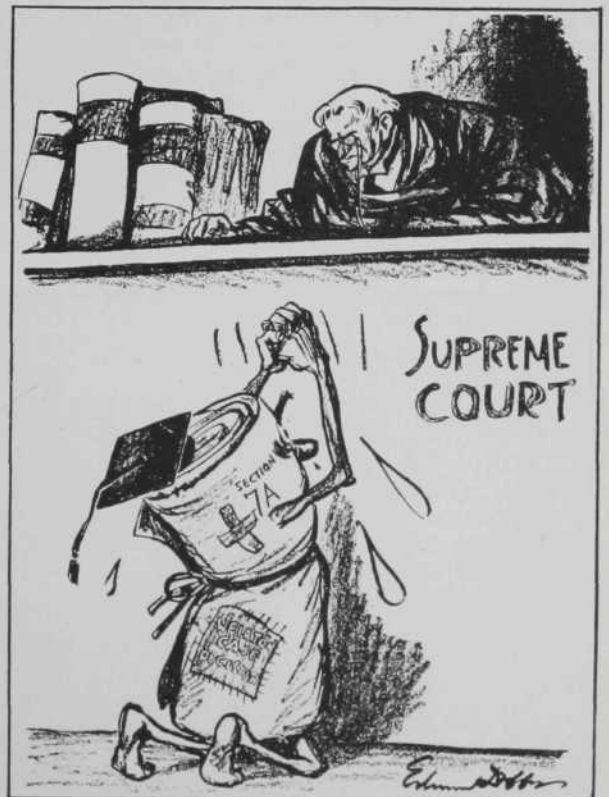
CARLISLE IN THE NEW YORK HERALD TRIBUNE

A Visit from the Building Inspector



Another Job for the Supreme Court

KIRBY IN THE WORLD-TELEGRAM



DUFFY IN THE BALTIMORE SUN

More Help Wanted



# The Factor Finds Fresh Fields

By JOHNFRITZ ACHELIS

President, Commercial Factors Corporation

FOR 100 years an industry with a service to sell lived side by side with industries that were potential users of that service. But they did not get together because of tradition. "Then," as the fiction writers say, "came the depression"

BECAUSE, until the past three or four years, factoring was confined to textiles, few business men in other industries understand just what a factor does.

The general impression is that the factor acts primarily as a selling agent and occasionally has a heavy financial interest in the companies he represents. Some confuse the factor with finance companies which lend on accounts receivable.

Both are wrong. The factor does not sell. It is not his province to own or operate mills. He does not lend against accounts receivable nor against a manufacturer's total assets, as does a bank.

Factoring is strictly a financial arrangement by which a factor buys a concern's accounts receivable for cash without recourse. Actually the factor takes over all of the credit and collection functions of a concern as well as the bookkeeping for accounts receivable.

The client sells his product only to those customers and in those amounts which the factor's credit department have approved. Incidentally this does not result in restricted sales. The factor is eager to have his client sell as much as possible. Usually, because of his superior facilities for getting accurate credit information, the factor enables his client to take business he would otherwise pass up. By this both profit.

When the manufacturer ships his goods, he receives from the factor the net proceeds of the invoice, less a small reserve which is temporarily



Factoring is strictly a financial arrangement by which a factor buys a concern's accounts receivable for cash

retained to cover claims and allowances. Thereafter the manufacturer has no worry about accounts. The factor does all the collecting and, if the accounts fail, the factor assumes the entire loss without recourse to his client. For all of these services the factor charges a service fee, which is generally offset by the saving which the client makes in bookkeeping, credit and collection expense and bad debt losses.

## Assets are kept more liquid

BY eliminating all chance of loss from bad debts, the concern which avails itself of a factor's service avoids a business hazard which has crippled or ruined many concerns. This, together with the improvement in the ratio between quick assets and quick liabilities, makes a concern which factors its accounts receivable a much more attractive credit risk both to banks and to suppliers of materials.

Let us consider an actual case to see how this comes about, because it

is important in a creditor's eyes. Before this manufacturer factored his accounts receivable his "quick" condition was as follows, using round figures for convenience:

Quick Assets	
Cash	\$ 20,000
Accounts Receivable	100,000
Inventories	180,000
	<u>\$300,000</u>

Quick Liabilities	
Owed to Banks	\$ 50,000
Accounts Payable	150,000
	<u>\$200,000</u>
Net Working Capital	\$100,000
Ratio quick assets to quick liabilities	3:2

Then a factor took over the accounts receivable for cash. This

manufacturer decided to use the \$100,000 he received to reduce both his bank loans and his accounts payable by half. His condition as to liquidity then became:

Quick Assets	
Cash	\$ 20,000
Inventories	180,000
	<u>\$200,000</u>

Quick Liabilities	
Owed to Banks	\$ 25,000
Accounts Payable	75,000
	<u>\$100,000</u>
Net Working Capital	\$100,000
Ratio quick assets to quick liabilities	2:1

A ratio of 2:1 is of course much more attractive than one of 3:2.

On the other hand, it is often advisable to use the cash made available by the factor to finance increased production. Here is the case of a concern—not in the textile industry.

Its sales were highly seasonal. About 35 per cent of its total volume was shipped in the spring—65 per cent for the fall and holiday trade. Its goods were, and are, sold on 30 days credit.

For August and the first half of  
(Continued on page 72)





A few of the motorized searchlights limbering up for a big job. Some of them project beams of 500,000,000 candle-power

A man-made aurora, without the frostbite, is available for anyone who wishes it

## Fingers of Fire Pull Customers

**A** FEW years ago, the high-powered searchlight was a novelty. Today, one proceeds to one's roof or to the front street of an evening to spot the beams and determine if there is anything in town—from a movie premiere to a new market—which may merit investigation.

Advertising with light beams has become a standardized part of life in the West and individuals have built up considerable businesses in this service. Some of them possess equipment equal to that of the Army or Navy and several of the larger are, in fact, in the Army Reserve.

In time of public emergency, a police escort clears the way while the big lights—some of them mustering 500,000,000 candle-power—mounted on motorized equipment, trundle to the scene. They have been used to extricate a fallen airplane from a mountain side, to light rescuers after a storm and to light a country road while police cleared a traffic jam.

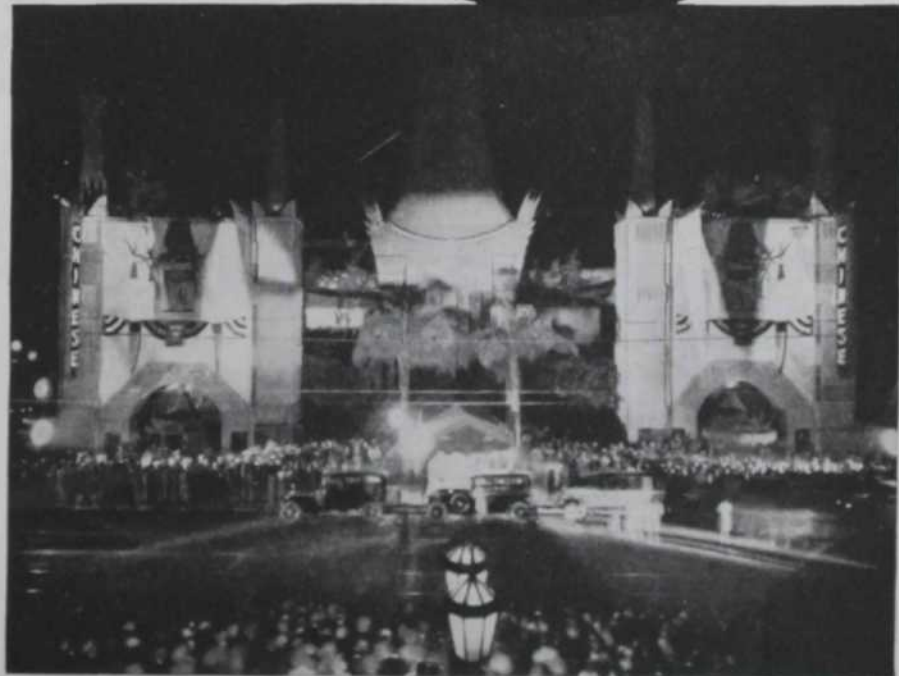
Their most common use, however, is to lure autoists to inspect a new or different commercial venture. For this purpose a humble drug store opening under new management may employ a single beam or so while a Hollywood preview may be decked out with a complete replica of the Aurora Borealis.

Experience shows that the appeal to motorists is in almost direct ratio to the candle-power employed. Several Hollywood attractions have employed so many lights that there was no room for them on the scene and some were placed on surrounding hills.

—KHYREN FORRESTER



OTTO K. GLESEN



As many as 50,000 automobiles have been drawn to a Hollywood premiere by the use of powerful light displays. Sometimes whole boulevards are lighted



# Politics at the Switchboard

By J. LAMBERT PAYNE

Former Comptroller of Statistics, Canadian Dept. of Railways & Canals

**W**HEN the Canadian provinces of Alberta and Saskatchewan were given local autonomy in 1905, they proceeded at once to demonstrate their own notions of government. Manitoba had already been doing so for two or more decades. They launched extensively into public ownership. Today, the stern lessons of experience are compelling them, in a somewhat chastened spirit, to revise their calculations. Not only did these provinces take up that policy in respect to practically all public utilities and services, but their municipalities did likewise; and they, too, have been sobered by the adverse consequences in many instances.

Alberta has come to serious trouble in her venture into telephone ownership. At the outset two forms of public ownership were considered. The first was predicated upon giving to users the benefits of operation at cost; and, of course, it was predicted the cost would be much lower than under corporate ownership. The second was based on slightly higher initial tolls, with a sinking fund which would, within a given period, extinguish all capital liability and then enable the province to give tele-

phone services to its people at astonishingly low rates. Alberta adopted the latter plan.

Some years later, Alberta called in an expert and had him go over the telephone system. He warned the authorities that they were heading for disaster. No heed, however, was given either to this warning or to the accompanying advice. From time to time thereafter rather glowing reports were issued to the people and these were unhesitatingly accepted. Recently another expert was summoned. He bluntly told the Government that the calamity predicted by his predecessor was actually upon the province. This time further concealment was impossible. The shock fell upon a people utterly unprepared.

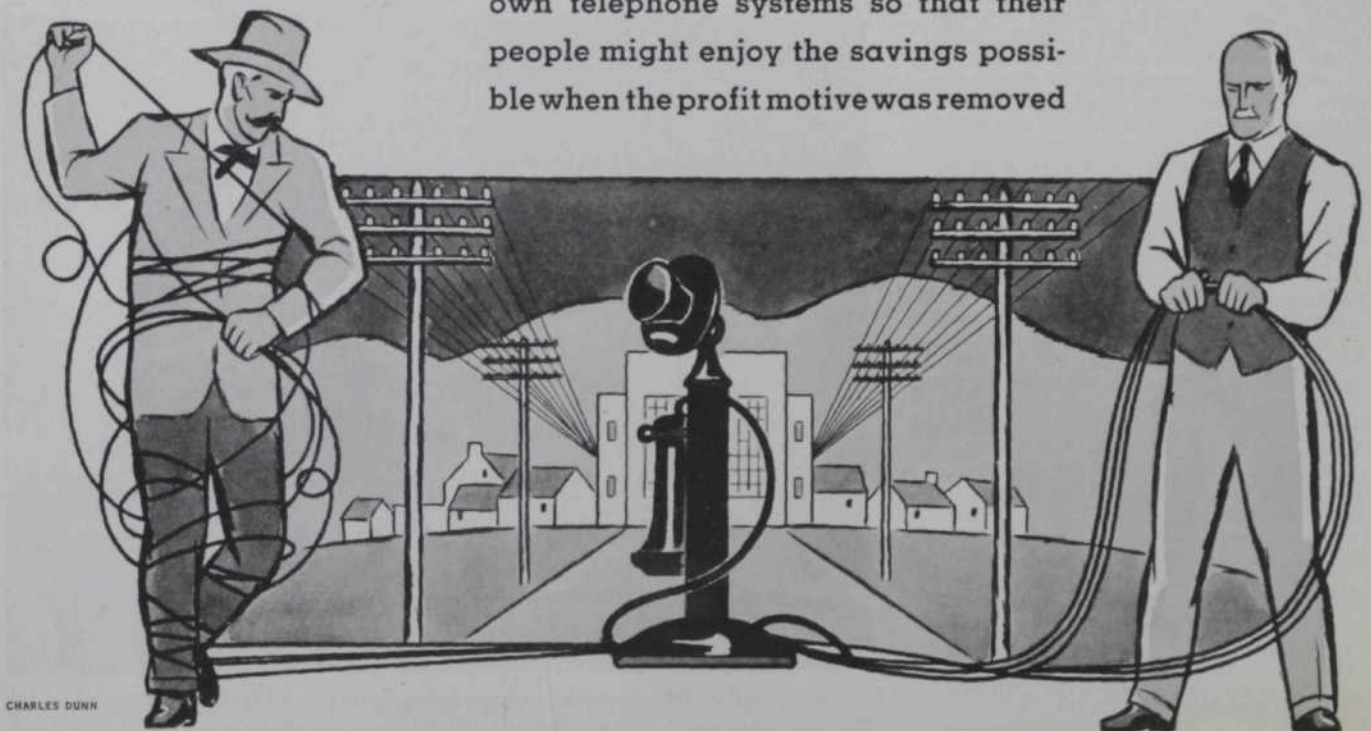
I do not propose to discuss the merits or demerits of public ownership; nor shall I express any personal opinions about the Alberta

breakdown. I shall confine myself to a judicial statement of the facts, and let my readers draw their own conclusions. My single departure from this attitude will be to say that, after long study and observation, under favorable conditions for getting at the truth, I see a difference in the probability of success between public ownership as operated by a state and public ownership as carried out by a municipality. The latter comes directly under the eyes of those who pay the bill for failure or enjoy the fruits of success. The former is nobody's business in particular from the popular standpoint and permits the intrusion of politics.

I emphasize this factor of political manipulation, because it has been glaringly disclosed by the post-mortem in the case of Alberta's telephone venture.

Statistical information with respect to the operation of telephone services in Canada was not available before 1911. By then Alberta was well under  
(Continued on page 62)

**A DISPASSIONATE study of the results achieved by two Canadian provinces which attempted to operate their own telephone systems so that their people might enjoy the savings possible when the profit motive was removed**



CHARLES DUNN



# Burroughs



## CIPHERS PRINT AUTOMATICALLY

There is no cipher  
key on a Burroughs.

### FEWER KEY STROKES



Two or more keys can be depressed at a  
single stroke.

### INSTANT TOTALS



To take a total, depress the total key. At this single motion  
the machine operates and prints the total.

### SIMPLE SUBTRACTION



To subtract, touch the "minus" bar. To add, touch the "plus"  
bar. Subtraction is as fast as addition.

This Burroughs Adding Machine has many new, improved features that make figuring faster, easier, more accurate. It eliminates many needless motions. It provides many operating short-cuts *POSSIBLE ONLY* on the standard visible keyboard. It is also typically Burroughs in workmanship, quality and long life. For a demonstration or descriptive folder, call or write the local Burroughs office.

**BURROUGHS ADDING MACHINE COMPANY**  
DETROIT, MICHIGAN

**Accounting, Billing and Calculating Machines**  
**Typewriters • Cash Registers • Posture Chairs • Supplies**



# No Business Can Escape Change

Here in brief review are some  
of the many new products  
currently going to market

A new domestic water heater combines oil burner, automatic controls and water tank in a single compact unit. It can be equipped with one or more room-heating units. . . .

More bathroom space for toiletries, etc., is provided by a new metal shelf, with guard rim, which fits over the old closet tank-top or serves as tank-top and shelf combined. . . .

Cellophane is now being used in a new shower cap which slips over one's entire head, still doesn't interfere with vision or crush feminine coiffures. . . .

Development of a tiny bulb with a double convex lens at the tip makes possible a tiny new flashlight (for handbag or vest pocket) which emits a brilliant spot of light. . . .

Control of brown patch, a disease which attacks golf greens and lawns, is claimed for a new fungicide which combines two organic mercury compounds. . . .

Meats are roasted exactly as wanted—rare, medium, or well—with the aid of a new cooking thermometer. . . .

Extreme clearness is claimed for a new sausage casing. It is soaked and handled like viscose casings, save that longer soaking is said to increase its stretch. . . .

Pure, clear, uniformly saturated brine is said to be produced from rock salt rapidly, economically, automatically through a process and equipment lately developed. . . .

A narrow, close-fitting flush joint in a new vitrified-clay wall coping supplants the usual raised joint. The coping also embodies a design said to bond it to the wall more securely. . . .

Perfect resealing is afforded by a new tamper-proof cap for containers of oils, varnishes, etc. No capping equipment's needed; it opens, reseals with slight pressure of the fingers. . . .

Any standard-thread glass jar can be converted into a kerosene lamp with a new jar cap which is threaded to receive, in its turn, a standard No. 2 lamp burner and chimney. . . .

Workers, housewives, who use hand knives in paring and similar operations are offered a new thumb guard which has metal mesh molded inside a rubber casing. . . .

Tire blowout hazards are reduced by a new inner tube. It consists of a tube within a tube, a single vent hole connecting the two air chambers. When the tire blows, air escapes from the outside tube at once, from the inside tube gradually through the vent. . . .

Lateral slots  $\frac{3}{16}$  of an inch deep,  $\frac{1}{4}$  of an inch apart, are cut in worn tire treads by a new machine, thus restoring the tire's non-skid qualities. . . .

A new trailer for passenger cars, quickly attached or detached, is mounted on a single wheel. It is said to trail and back perfectly, is available in several body styles. . . .

A new ceramic pencil permits any artist to decorate clay panels, plates, plaques with colored drawings or designs. Firing fuses the decoration permanently into the surface. . . .

Only two coatings and firings, in place of the usual three, are required in a new porcelain enameling process. Lower costs, greater opacity, less chipping and crazing are claimed. . . .

Removable oven and waffle grids, a variety of utensils, are provided with a new electric table cooker which bakes, broils, boils, grills, fries, steams, roasts or toasts. . . .

A new luminescent paint, for any surface, is said to remain luminous for 12 hours after exposure to light. It contains no radio-active matter, is non-inflammable, non-toxic. . . .

Sheet metal (up to 14 gauge hot-rolled steel) is cut rapidly, accurately by a new portable electric cutting machine. Blades are easily removed for sharpening. . . .

Gate valves which have renewable bronze seat rings are now offered. Renewal is described as a one-man, five-minute job, done without removing the body from the pipe line. . . .

Back of a new carpet is coated with a solution which locks pile and backing, so that cut edges won't fray. Tape and the same solution are used to join pieces, making flat, invisible seams, permitting damaged spots to be cut out and replaced. . . .

A new door for homes, offices, etc., has a woven-wood core—a grid framed from notched wooden strips—faced on either side with plywood. It's described as light, proof against warping, swelling, sagging, easy to hang, fit, finish. . . .

A light, compact new safety razor folds into an enamelled metal case the size and shape of a fountain pen. The case also carries spare blades, fits vest pocket or purse. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.



What is said to be the first copper house in this country is being completed in Arlington County, Va. Exterior walls and roof are of this metal and it is also being used in the interior in light fixtures and other appointments



# Plant today—Enjoy tomorrow



Springtime again. Flowers to plant—shrubs to trim—your garden to cultivate so that you and your family may enjoy them later.

This is typical of life—to work today for something which will mature in the future. But should anything happen to you—what then? Would your family enjoy the fruits of your labor? Would your home become just another “House for Sale”?

Life Insurance can protect your home. A Metropolitan Field-Man will tell you how part of your present earnings may be planted to grow into future security for your family through a practical Program of Life Insurance. Send for him or mail the coupon.



*The Metropolitan issues life insurance in the usual standard forms, individual and group, in large and small amounts. It also issues annuities and accident and health policies.*

*The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.*

Metropolitan Life Insurance Co.  
1 Madison Ave., New York, N.Y. (N)

Without obligation, I would like to have information regarding a Life Insurance Program which will help to protect my home.

Name

Address

City  State

## METROPOLITAN LIFE INSURANCE COMPANY

Frederick H. Ecker, President

One Madison Avenue, New York, N. Y.

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# Let's Try to Understand Prices

By WILLARD L. THORP

Chairman, Advisory Council, NRA

**TO FIX or not to fix prices is a lively issue. Many men have argued it. NRA devoted a four-day hearing to it. Here is some light on the subject by a man who discusses practical economics in every-day English**

**W**HAT is price? Webster says: "The quantity of one thing, usually money, that is exchanged or demanded in barter or sale for another."

But, in actual fact, price is far more complicated than this simple definition would indicate. Along with the object we purchase, we buy many other items, tangible and intangible, which make the transaction in reality a combination purchase, and the character of payment, in turn, is frequently much more involved than a single outlay of cash.

When we buy a commodity we may also be purchasing various services, such as delivery and free repairs; guarantees of quality or guarantees against price decline; premiums and opportunities for prizes; a trademark; credit for a period of time; options on other purchases; sales assistance; and the like. On the other hand, payment may be complicated by cash, quantity and special discounts; advertising allowances; freight allowances; customer classifications; credit terms; privilege of cancellation; and so forth.

These and a host of other elements may be involved in any single transaction of purchase and sale. Competition may focus on any point in the transaction. The cash payment may not change, but increases or reductions in concessions and conditions of sale are a very real form of price variation, and in some markets variations appear chiefly in the quality of the product.

To illustrate the complexity of this situation, may I merely suggest a few of the factors involved in the purchase of an automobile? Not only must the price cover a substantial amount of sales talk and free demonstration rides, but it supports a considerable part of our radio entertainment. It pays for the 24 pages of automobile advertising in a weekly

magazine, for example, thus making available to every citizen at the below-cost price of five cents a discussion of price-fixing by one who ought to know. On the other side of this automobile transaction are various credit terms, including instalment payment arrangements, free repair service for a considerable period; and that bewildering and complicated price phenomenon, the used-car allowance.

These suggest only a few of the elements which go into the price arrangements for a single commodity. Where the commodity is not standardized, or is made to meet

special specifications, an even more difficult price situation appears. The number and variety of separate commodities which now enter into channels of trade cannot even be estimated. The size of a mail-order catalog is only a slight indication of the number of items involved in the structure of prices.

But the situation is even more complicated than this picture would indicate; for a single commodity in a single market, there often is no close uniformity in prices. On the one hand, the price of bread is relatively uniform in a given area. On the other, bids recently filed with the U. S. Government for 63 inch cotton sheeting ranged from 16.27 cents to 25.27 cents per yard. A study made some months ago of the price of a mouth wash in 3,344 drug stores in New York City showed that the same size bottle was selling at every cent



Price is complicated. A host of elements, tangible and intangible, enter into every transaction

CHARLES DUNN



# "WE CAN'T TAKE CHANCES" -THAT'S WHY WE USE GOODRICH SILVERTOWNS"

~ Says Fire Chief Hensley



## NEW GOODRICH TRUCK TIRE PROTECTS AGAINST BLOW-OUTS—COSTLY ROAD DELAYS



Chief Burras Hensley  
of the Ashland, Ky.,  
Fire Department.

WHEN the siren screams on the fire engine, seconds are precious. The fire apparatus *must* get through in double - quick time! Just think what might happen if a tire blew out!

In your business, too, truck tire failures are costly. The sidewall "Failure Zone" is stealing money from truckers every day—every minute. Most truck tires taken out of service prematurely are damaged right in the sidewall.

You can't see a break coming because it works from the inside out. You get no warning. Suddenly there is a BANG! The tire is flat! The casing ruined. Truck and driver lose time.

Wouldn't you like to end that kind of grief?

Well, Goodrich has a new kind of tire—a tire with a sidewall that is just as strong as the tread! The reason is Triple Protection. The tire is the Triple Protected Silvertown!

Why not take a tip from Fire Chief Hensley, who says, "We can't take chances . . . that's why we use Goodrich Silvertowns." If you want to play safe, get the tire with this 3-way protection:

**1 PLYFLEX**—a new, tough, sturdy rubber material with greater resistance to stretch. A layer of Plyflex in the sidewall prevents ply separation—distributes stresses—checks local weakness.

**2 PLY-LOCK**—the new Goodrich way of locking the plies about the bead. Anchoring them in place. Positive protection against the short plies tearing loose above the bead.

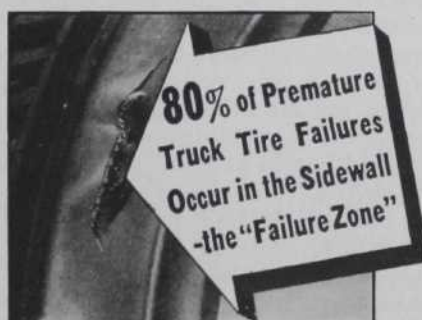
**3 100% FULL-FLOATING CORD**—Each cord is surrounded by rubber. With ordinary cross-woven fabric, when the cords touch each other, they rub—get hot—break. In Silvertowns, there are no cross cords. No friction.

### This Costly Invention Costs You Nothing

Every Triple Protected Silvertown costs more to manufacture. But you don't have to pay one cent extra for this amazing tire!

### FREE! Trucker's Handbook!

Every trucker, every driver should have this big 44-page book. Gives commodity weights, load schedules, tire and truck data. Write for free copy. Dept. T-27, The B. F. Goodrich Company, Akron, O.



# Goodrich *Triple Protected* Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES



interval from 49 to 75 cents while 13 stores were as low as 45 cents and 20 as high as \$1.00. This is perhaps an extreme case, but even in such standard commodities as coke, coal, fuel oil, and ice, uniformity by no means prevails in local markets.

As there is no price uniformity in single markets, there is even less uniformity among markets in different geographical areas. Thus, although the most frequent retail price for this particular mouth wash in New York City was 59 cents, it was 63 cents in Minneapolis, 69 in Chicago, 75 in Dallas, and 59 again in San Francisco. A familiar example of these geographic variations is the price of gasoline and of dairy products.

Talk of the "price level" might lead us to believe that variations in prices occur with some uniformity. Actually the price level is merely a summary for a mass of criss-cross, varying and dissimilarly behaving phenomena. Behind it is to be found widely differing behavior of different prices, moving in different directions at different rates of speed and at different times. Some prices are continually fluctuating, others change only infrequently. The index of prices is only an attempt to average these factors.

### Diverse price changes

EVEN when there is some degree of uniformity within the market, the price behavior of various commodities differs widely. Of the nearly 800 commodities for which the Bureau of Labor Statistics collects records of wholesale prices, 28, in spite of the general decline, have actually advanced above their 1929 price level. Thirteen have shown no change in the reported price quotation, since 1929 or earlier, and 18 commodities fell in price to less than 25 per cent of their level in 1926.

Quite as dissimilar are the reactions of these commodities to the forces of recovery. Although 95 commodities on the list are back to the 1926 level or higher, 43 have not advanced at all despite the general improvement of the past 20 months.

What sets a price? Excluding certain areas where other controls have been established, the underlying theory has been that each individual business man was free to set any price he desired—and yet he is not free. He cannot set his price too low, or he will see his assets and his enterprise disappear. He cannot set his price too high, or his customers will turn to a less expensive competitor. Thus, many business men competing in the market place act as a limit upon each other while purchasers, shopping from one to the other, tend

to make a uniform price prevail. If more supply is in the market than demand, the price automatically falls as the sellers try to persuade purchasers to deal with them. If more demand is in the market than supply, bids drive the price up as each buyer tries to assure himself of obtaining the desired commodity. This is the simple picture of a competitive price, playing its part in bringing the market into equilibrium.

Many prices behave after this fashion, but this description of price behavior leaves out of account entirely the public utility field, where rates are fixed by government regulation. It fails to consider the wide area in which price competition has been supplanted by informal understandings among business men to follow some uniform price policy. It disregards the prices which are inflexible by definition, such as the five-cent cigar, or by custom, as a magazine or newspaper. It disregards the cases where prices are fixed arbitrarily to capture markets, to introduce new products or brands, or to destroy an embarrassing competitor. It fails to recognize industries in which a dominant enterprise is able to determine its price policy without fear of immediate and direct competition.

It would appear that, instead of a system of prices fixed by neat and orderly processes of competition, some industries have too little competition and others have too much. Some markets are exceedingly responsive and delicate; in others prices are so fixed and imperturbable that the events of the past five years have left them unmoved.

Just as the business man is not really free to determine his own prices, so the price of each single commodity is subject to limitations imposed by other prices. A change in the price of cotton will be reflected in the price and purchase of finished cotton textiles, which in turn will affect rayon and silk. This may involve additional textile machinery of one sort or another. And the influence on the price of cottonseed will set in motion quite a different chain of effects. The possibility of substitute commodities is endless, not only in the obvious form of gas and electricity, coal and fuel oil, and movies and magazines, but in the continual choices which the consumer must make when he spends his dollar. In all these decisions, price plays an important rôle, and the share of each industry in the total national expenditure is seriously affected by the price of its product.

There is, too, the relationship between prices of items entering into the manufacture of the product, and that of the final product itself. The

nature of this relationship varies with the nature of the industry, each set of prices being subject to a vast number of relationships other than that simply of cost of materials to finished product. The absence of any fixed relationship is particularly true in those industries which have high overhead cost. Here total costs are high or low as fixed charges are spread over a small or large output. In fact, the market determines the unit cost of production, rather than the unit cost the market. An automobile manufacturer does not know his unit cost until the last car is sold.

Nevertheless, the possibility of using substitute materials or using the same material in many products, is another of the chains which bind the many individual prices into the price system.

### Price is the regulator

PRICES cannot be regarded as an independent factor in the economic system. They are not merely a part of the economic system, but they are its heart. As the economic system in this country has developed, we have had no dictator to tell each one of us what to do, no economic council to direct industry, allocate investment funds, and allocate products to consumers. This task has fallen primarily on the price system.

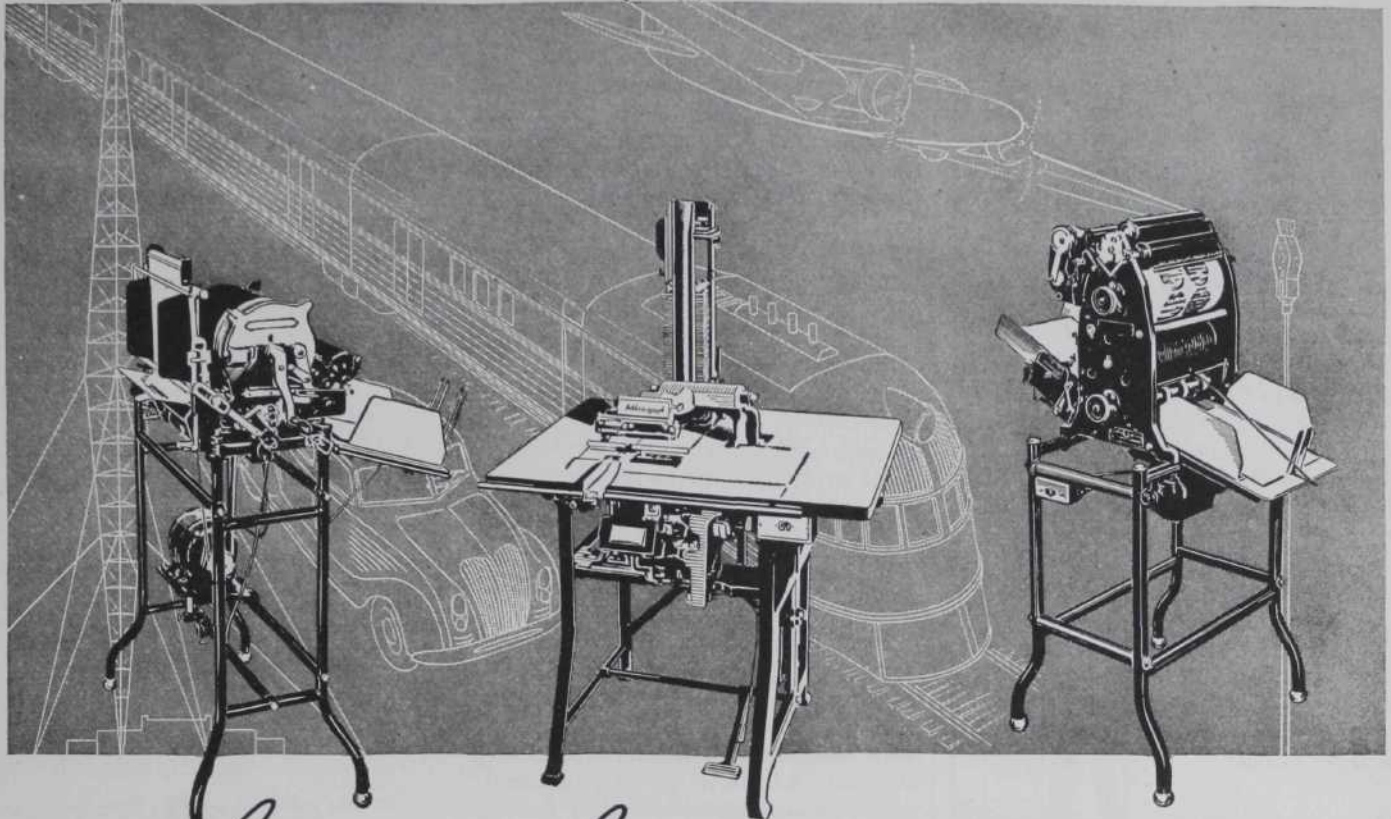
Prices are the most usual mechanism for selecting producers and consumers—for determining production and consumption. A high price encourages production, a low price discourages or eliminates some members of the industry. Likewise it selects the consumers. If 25 cents were the admission charge to an Army and Navy game, some new criterion of admission would be needed or any existing bowl would overflow. But by the simple expedient of setting a price, the applications for tickets can be automatically limited to any figure. Place the price high enough, and give no complimentary tickets, and you could reduce the audience, even for this spectacle, to ten spectators.

Price is the principal regulator in the constant shifting of our economic order. Style, fashion, and even caprice can shift the demand of consumers with great rapidity. New technical processes can require the complete reorganization of an industry, while new products may displace old established lines. These changing conditions call for rapid adjustments, and reliance for achieving them now rests heavily upon the price system. It is the automatic force which keeps the world of individual business men, each making separate judgments, from utter chaos.

But unfortunately we have not es-



# New Times



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**T**ODAY'S new conditions . . . with limited working hours, no overtime, higher costs . . . are a challenge to *action* in any business, regardless of its kind or size. The discovery of *better methods* is an obligation it must assume if progress is to be made.

For more than a third of a century Addressograph and Multigraph have been important factors in building business profits. But more important *today*, this business equipment has been kept in pace with the newest developments and needs. An expansion of research, engineering and production facilities has created many improvements that result in new profits to users.

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Write us about *YOUR* insulation needs. We can help you find the *RIGHT* solution—as we have helped hundreds of others. Just mail the coupon!

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caped entirely from chaos. Our neat and orderly economic system is no longer a matter of pride and glory. Somewhere something went wrong in the machinery. Many blame it largely on the functioning of prices. The specific charges most frequently appearing are:

1. That markets were disorganized by various forms of unfair price competition—secret rebates, price discrimination among customers, misrepresentation of competition, bids by buyers and the like. This may or may not be a just criticism. In many instances, it merely reflects the fact that underlying economic factors warranted a price decline, but the public cash price was inflexible. In such instances, the development of these practices, temporarily, may have been for the good of the industry. Nevertheless, it must be agreed that in many cases excessive competition may cause serious damage, as it did among the railroads before the establishment of the Interstate Commerce Commission. The question therefore is why did these practices develop? What steps can the Government properly take to see that competition is open and fair and orderly? And how, in the complication of considerations in any purchase and sale, can such regulation be made effective?

2. That prices were not sufficiently flexible to guide industries as they require. The reason for these inflexible spots in the price system has been discussed. Sufficient evidence is available to show that, in general, where prices remained high during the depression, the slack was absorbed in production and employment. Where prices fell sharply production tended to be maintained. The problem here is: Are prices sufficiently flexible to direct production, consumption, and investment properly? Are there other elements of control which give the same promise of proper directions as would competitive prices? If not, can prices be made more flexible? If not, what other types of control can be utilized?

3. Frequently prices fell so low as to destroy profits and therefore must be raised before industrial activity will be resumed. This suggests several questions. Why did prices fall? Will not any price increase so curtail demand as to make profits even more elusive? Is the price factor, the factor which it is intended to direct, the best one to subject to control? May not interference with price hamper the forces of readjustment required to win a return to economic health?

These questions indicate the general problems that must be faced in

arriving at a price policy. The earlier analysis, in addition to emphasizing the complexity and extraordinary extent of the price system, would suggest three elements in an approach:

1. That industrial commodities and individual markets are so different that specific answers can probably be given only in specific cases. The presumption is that these differences may be so great as to require quite different methods of treatment and control, if any.

2. That a distinction must be made between direct tampering with prices and an effort to eliminate those elements in the market which interfere improperly with the determination of price. For example, while stock prices are free to fluctuate, there is a definite attempt to eliminate pools and rigging of the market. This is not price-fixing in any sense, but rather an effort to create a fair and orderly market, reacting to the economic forces present rather than to manipulation.

3. That prices are an intimate part of the total economic picture so that any specific industry program must be viewed in the light of its effect not only upon other economic factors in the industry, but upon other industries as well. Essentially, price behavior is not important in terms of prices as such, but rather in terms of prices as an instrument for regulating and directing our complicated economic system.

## These Changing Times

HERE is a fine tribute to an American business:

It assembled an unusually able staff of experienced economists and specialists and has been exceedingly helpful to the industry and public by leading the way to safe and effective practices in the creation of bond mortgages with terms appropriate for the development of the enterprises upon which they are based and financial plans generally. It has been especially helpful through actual demonstrations of effective ways to provide the junior or stock money needed as margin for the bonds without undue cost and in a popular way. And it has performed the important service of working out economical and effective methods of providing electric service to the smaller towns and communities which were formerly without these modern advantages.

Of what company was this said?

By whom was it said?

This was said of one of the outstanding holding companies in the United States, the Electric Bond & Share, by the Federal Trade Commission in 1927, not 1935.



**"20 Salesmen—2,000 Customers  
COMPARED...at-a-glance!"**



# At-A-Glance ACME VISIBLE RECORD Point Out:

Capital tied up in surplus inventories  
Which salesmen—dealers—items are most profitable  
Where distribution is too thin  
Market quotas and results  
Which customers are slow paying  
Which dealers are not re-ordering  
How many new accounts salesmen are opening  
What stocks are running low  
When competitors are winning your trade  
How long shipments take  
Which lines give best freight service  
How salesmen's expense accounts compare  
When supplies are being wasted  
How to balance work and wages  
When costs are too high  
When to subdivide sales territories  
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By visible signals that instantly compare any given set of facts  
Acme Records constantly show what Management wants to know

**L**OSSES hide away in long reports—in stacks of papers—in pages of figures. When you SEE, you PROFIT.

That's why Acme—World's Largest Exclusive Manufacturer of **VISIBLE RECORDS**—means so much right now to every manager. For Acme sifts out all the business facts that count and flashes them to you *at-a-glance*. You save time and management power. You see losses—and how to stop them; profits—and how to multiply them.

Your business is losing possible profits now. *You know it . . .* You know costs are higher than they would be if you

could SEE everything. You know sales are less—and cost more—than if you could follow every salesman with your eyes—know how many calls he made, how many lines he pushed, how many orders and re-orders, his real working hours, his actual expenses.

Hold your department heads strictly responsible—but *first* make sure they can SEE. Give them Acme Visible Records that show up sales, expenses, costs, production, spoilage, returns, credits, collections, personnel—every factor in the complete equation that means loss—or profits.

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It is amazing what Acme Visible Records do—what leaks and losses, now occurring in most businesses, they control. To help you check up in your business, Acme has prepared a folder, "7 Ways to Push Up Profits in 1935". Points out the seven most important places to look for increased profits this year. Free on request—write for it now. Use the coupon

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# The Problem of Slum Clearance

By EDWIN S. PARKER

Architectural Engineer, The Thompson & Lichtner Co., Inc.

**T**HE PROBLEM of slum clearance housing probably offers the greatest present challenge to the construction industry. We are called upon to build housing for families of low income to rent for from five to six dollars a month per room. This means an economic cost of from \$1,800 to \$2,200 per living unit including land at the lowest yield from the investment point of view ordinarily considered by private capital. Current costs run double this amount. We can pare down the construction costs a little by various economies in materials and methods. But if private capital is to enter this field, we must either find some drastically cheaper method of construction, raise the incomes of the lower workers, or accept a rent-dole subsidy from the Government.

There will always be improvements in construction technique, but to expect a cut of one-half in costs in a reasonable time is to expect the impossible. Eventually the workers may—or may not—be paid a larger relative wage, so we cannot count on this in our planning now. There remains the government subsidy, a form of taking from the rich and giving to some of the poor what the economic system has been unable to give them in the form of wages. It is not a logical method but it has been widely used in Europe and England. But this subsidy should somehow be limited to these poor people, leaving the market still open to private capital to build for those who can pay.

How then are we to build so that the natural occupancy will be of one class and not another? How are we to close the door automatically to those who can pay and open it wide to those who cannot?

The figures recently published by Mr. Ickes covering the costs of actual housing developments now under construction give the costs per living unit as from \$3,500 to \$4,200. The annual rental of these must be about 16 per cent, according to Bemis in "The Economics of Shelter." Even if we reduce the obsolescence and maintenance items by one per cent each to 1.5 per cent to allow for more permanent construction than he may have had in mind and accept a return of five per cent instead of the

usual six, we still have 13 per cent for rental.

On this basis, the rent should be from \$37 to \$45 a month per living unit, which, allowing for four rooms per unit, is from \$9 to \$12 a room per month, against the proposed \$5 to \$6—just about double.

Now if PWA loans were made to municipalities for housing projects, as the law permits, with the usual 30 per cent direct grant, this would change the picture. Let us recalculate on this basis and allow 2.5 per cent for interest instead of five. This brings the rent down to \$5.50 to \$6.50 a room per month. On some such basis as this, the Administration could provide housing really within the means of the working man.

## Workers don't get the new houses

**BUT** what is private capital going to do? Without a direct subsidy it cannot build for any such rental, even by accepting a very low return; and by accepting a subsidy of almost one-third it is definitely losing its character as "private." It can only build for the higher income group. And this is what has actually happened in practice. The model tenement privately built is occupied by the office worker, not by the laborer for whom many thought it was intended. Knickerbocker Village drove the slum residents to the 25 per cent vacant adjacent slums and itself filled up with people of incomes up to \$4,000. Chicago has had the same experience—the rent is always too high for the workman. And yet our problem is slum clearance, and not the removal of one slum and the creation or intensification of another.

Slum clearance by private capital is thus not in sight, but slum clearance by government spending is more than likely to miss its point. In the past, new houses have always been occupied by people of higher incomes, leaving the second-hand houses for the poor, and there is no assurance that this will not still be the case with rents even as low as \$6 a room, with destructive effects on adjacent real estate values. What, for instance, is there to prevent those of us with higher incomes from taking one of

these charming apartments and spending the difference on week-ends and summers in the country? Nothing whatever, unless the place itself does not suit us, and an examination of the plans of proposed housing suggests very strongly that the places will suit us excellently. Here is the crux of the problem. The living habits of the workman are actually different from the white-collar class, and if we want to clear the slums, we must build for the workman's proper living habits, not for our own, because he is one of the slum's present residents.

If by forcing upon our people a change in living habits we can give them more cultural opportunities, the change is warranted. But if the change only means a more difficult way of living, it is futile. Many of us spend part of our time as workers and part as thinkers. How do we live in each instance? Let us assume first that we are returning from the office. We wash soiled hands and wipe them on a white towel. We sit in an upholstered chair in a warm room to read. We have been too inactive to enjoy a cool room. We eat moderate meals of varied dishes off a white tablecloth, and we gather socially in the living room with the family.

But suppose we are spending the week-end in the country. We come in from manual labor and wash dirty, not soiled, hands at the kitchen sink where there is a gray roller towel—a white towel does not stay white. We keep off any upholstery because our clothes are too dirty, so we prefer to sit on a wooden chair in the kitchen where we can talk to the family while food is being prepared or cleared away. We dry our shoes by the stove. Our appetites are better and we eat more food of less variety, but a white tablecloth would become gray where our elbows rested. We prefer to sit in the kitchen, which is much larger than in town, and which is the social center. After supper we may change our clothes, sit in the parlor, or go out, but usually we do neither.

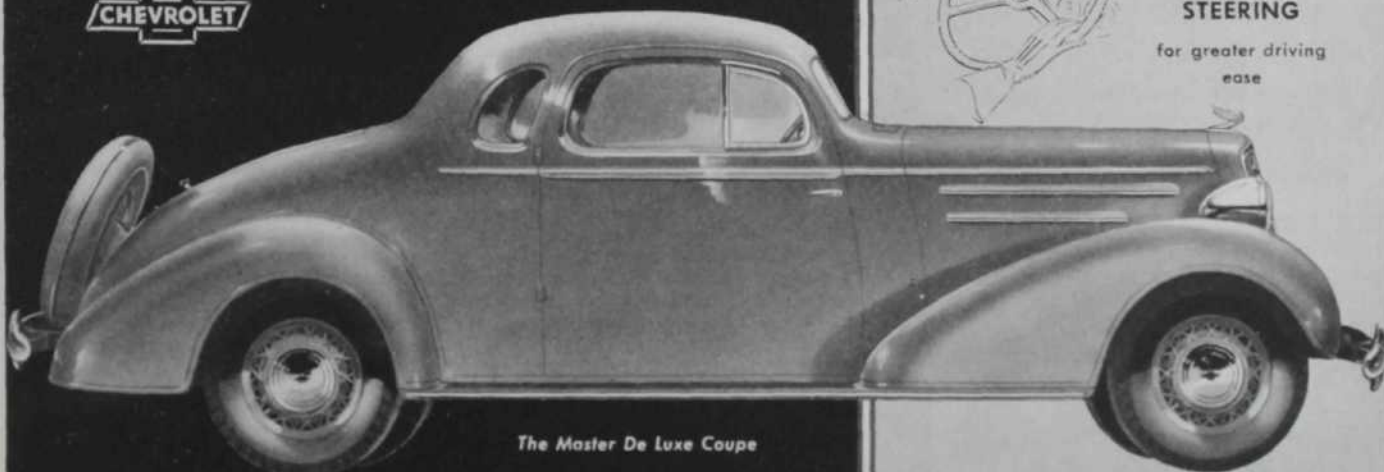
These two descriptions of typical behavior are for the same individual under different occupational conditions. One does not represent luxury and the other hardship. It may even



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**MASTER DE LUXE CHEVROLET**  
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 that spell quality at low cost

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**CHEVROLET MOTOR COMPANY, DETROIT, MICH.**  
 Compare Chevrolet's low delivered prices and easy G.M.A.C. terms.  
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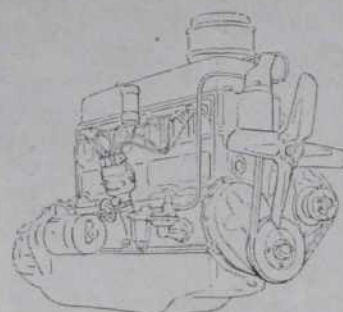


*The Master De Luxe Coupe*



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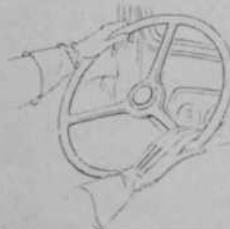
**KNEE-ACTION RIDE**

for your comfort and safety



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 CABLE-CONTROLLED  
 BRAKES**

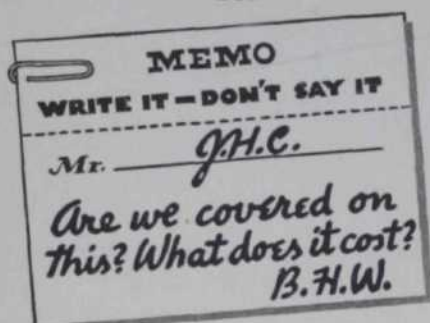
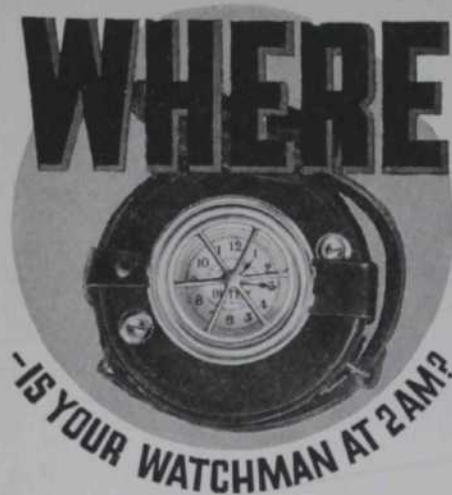
for quick, smooth, positive braking



**SHOCK-PROOF  
 STEERING**

for greater driving  
 ease





● **PERHAPS** he is on the ground faithfully making his rounds, protecting your property—but it's only **PERHAPS**—unless he is checked by a competent, reliable watchman's system.

With a Detex Watchclock System you know exactly how your plant is watched.

### NEEDLESS RISK

A plant employing a watchman, without an approved recording system, probably pays for the needless risk it runs. While the plant is carelessly guarded, insurance costs more. Fire insurance companies usually grant lower rates on property patrolled by a watchman equipped with a Detex Watchclock System. Low in first cost, a Detex System pays for itself by the savings in insurance rates.

All Detex Systems are fully approved by Underwriters' Laboratories, Inc., and Factory Mutuals Laboratory.

Write for any desired information

**DETEX WATCHCLOCK CORPORATION**  
4153 Ravenswood Ave., Chicago, Ill. 29 Beach St., Boston  
80 Varick St., N.Y. Room 800, 116 Marietta St., Atlanta

NB-4



**WATCHMEN'S CLOCKS**

**NEWMAN \* ECO \* ALERT \* PATROL**

be the reverse, for who does not cherish memories of the kitchen stove with its radiant warmth, and hot food coming out of the oven. It is a case of different needs for different living conditions. The office worker requires a living room and kitchenette. But the workman needs a large kitchen and small parlor if any. So, if we are to have any assurance that these model tenements will be occupied by the class of people that society intends to subsidize, we must build to a plan to which this class will naturally gravitate, and which will not offer so great an attraction to people of the middle income group. Incidentally such housing can be built for less.

Private capital can build for the middle class. But if the Government is to leave this field to capital and not break the market by competition in which it has the advantage, it must build a plan which will be adapted to the working man and to him only, so that he may get the benefits that society is intending for him. This plan must contemplate a large kitchen-

living room with several small bedrooms opening as directly from it as possible. A kitchen stove could provide heat for the whole apartment, eliminating the complication and additional expense of central heat. Oil stoves are now available which make this eminently practical. The hot water tank could be in the bath room; which it would heat perfectly. This kitchen-living room would be arranged for both work and play, with possibly a set space for eating and it would be the focal center of the house.

Several small bedrooms would prevent the use of a bed wide enough for four or five to sleep in. Finish should be simple and indestructible. And so on through the gamut of details. But the essential point is the one big central room for cooking, eating and living. It is thus that the workingman lives now and if we can give him a finely planned apartment of the same type, he will be the one who will occupy it, not his more fortunate brother of the "white collar."

## Literature in Advertising

**D**ESPITE a pretty general opinion to the contrary, the staff of a magazine is human and, therefore, likes praise. Hence, when Callisthenes, in a recent issue of the *London Times* devoted his column to favorable comment on an article which had appeared in *NATION'S BUSINESS*, the editorial department swelled with a pardonable pride.

Now, however, comes William E. McFee, writing in *Printer's Ink*, and reduces the editorial staff to proper humility. He, too, comments favorably but his praise is not for our own literary efforts but for the anonymous contributors who write the advertisements. Under the title "A Study in Headlines," Mr. McFee says:

It isn't often that one issue of a magazine yields what is virtually a complete collection of advertisement headlines—all schools, all approaches, all methods and devices. Yet a recent issue of *NATION'S BUSINESS* did. It was a remarkable bibliography in headlines, if I may use the word in that sense; and I, for one, found in it excellent grist for several evenings' study. I had never seen before as many uniformly effective headlines in one book, each appropriate to and blending with its own story.

Let's review a few of these and see how they play upon a department of advertising whose importance can never be overemphasized.

On the second cover the Bell System headlines:

"Business Needs Speedy Written Communication. This Service Provides It."

There is your whole sales message compacted into nine simple and penetrating words. A striking flash impression if the reader never scans another word. A need, fulfillment of the need and an implicit urge. Grand selling in print!

"Phoenix Mutual" know their Rheinstrom-Caples school of keyed copy and trust, justifiably, in it. Witness this headline:

"How a Man of 40 Can Retire in 15 Years."

Mark the magic suggestiveness of that word "how," to which an intelligible, rational, convincing answer must always be given if the text is to finish what the headline started.

Getting on, here's another one of great impact force:

"A Mouse Can Upset an Elephant."

It is Hartford Steam Boiler's way of luring the reader into a dramatic story of the false economy of not insuring vital power equipment. The fiction-style headline is invariably an effective approach because it contains the tested dramatic devices that impel people to buy and read absorbedly all kinds of best-selling tales and yarns. Adventure, romance, mystery, suspense, and all the rest.

Now for a different sort of headline, this time from Goodyear.

"Great Times, for the Business That Can 'Take It!'"

The best way to describe this eye-catcher is to call it a subtle blend of news, editorial, selling and institutional themes. Nevertheless it is a stopper and if you are interested in generalities, for a change, and the production-distribution philosophy of "The Greatest Name in Rubber," you will read and reflect for a minute.

Here's a curiosity headline over a



comic strip but it's not so funny, after all. Onliwon preludes: "It Happens in the Best Regulated Buildings," and then goes on to portray by cartoon the wash-room jolt of two men who had to use toilet tissue to dry their hands. There is only one way to write cartoon or advertisement-strip headlines and that is to weave them simply into the homely everyday experiences for which this kind of advertisement is best suited.

"When an Engineer Confesses, Here's What He'll Tell You About Modern Automobiles," is an interrupting thought for car owners, millions of them. This National Carbon headline prefaced a one-column, next-to-reading-matter advertisement teasing readers into surveying a fourth-cover message that picks up the story and brings it to an impelling close. This headline uses the strong confessional appeal for all it's worth. Add it to your list of headline devices; it's a good one and not too overworked.

Here is a mail-order headline after a fashion:

"Burroughs. It Subtracts as Easily as It Adds."

Six subheads accompanying the main head tell persuasively and succinctly the advantages of Burroughs Adding Machines. You can aptly term this the direct sales style. It packs much conviction in a brief and enlightening way.

Long headlines used to be anathema to copy chiefs and clients.

"Tell it to 'em and tell it fast."

That was the rule. But rules have been shattered and scattered lately, as this Metropolitan Life Insurance advertisement attests:

"Employees of the United States and Canada Make Protection Possible for Approximately 6,000,000 Employees."

Here is a three-bank news-style headline, pure and simple and as such it belongs in the repertoire of every copy writer. Before everything else people want to know what is going on in the world and the closer these events and happenings approach home, the better for the copyman's purposes.

The economy appeal is well exemplified in this Multigraph headline:

"Saving Money for Us 14 Different Ways."

We have seen a great many such captions during these years of economic travail and I opine we shall see a great many more. They'll wear well until the next Great American Boom sets in. Then, and only then, comrade, lay your how-to-save-money stimulator aside.

Specific headlines drive deeply into listless business cerebrums and brew there sometimes for days. One like this, for illustration:

"Put an End to Inventory Write-offs with International Accounting Scales."

Beat it if you can for crystallization of sales appeal. There is a headline that really stands on its own feet and for this reason it is entitled to go to the head of the class not studying "self-contained" headlines.

And now for a headline with real honest-to-goodness lift in it:

"The Rails May End—but Erie Goes on to Your Door."

It set the pace for what I would call a highly intelligent job of selling in print. And here's another, from Equitable Life Assurance that is sympathetically touched with the light of human interest:

"I'll Never Let You Down."

The copy writer takes the words out of Dad's mouth, as he smiles at the little girl perched proudly on his broad shoulders. This example is headlining art at its finest.

Seconds are important at the MAIN CONTROL DESK, N. B. C. RADIO CITY



**You get your operating figures on time with "COMPTOMETER" business control**

The "Comptometer" and Peg-Board produce timely, accurate figure facts of business.

**TIMELINESS** measures the value of business figures. Facts on sales trends, fluctuating costs, variations in payroll, inventories, and production must be collected and interpreted *immediately* to be of help in determining how best to meet the changeable nature of today's markets.

The "Comptometer" Peg-Board method provides a simple, flexible and exceptionally fast business tool for the compilation and centralized control of figure facts relating to all departments of an organization. Its features are many:

- 1 Makes use of *original* figures. Does away with the time and cost of recopying, posting. Reduces chance of error.
- 2 Extremely fast. Produces figure facts while most valuable. Allows for prompt action on rapidly changing conditions.
- 3 Flexible. Adaptable to most any kind of figure or cost routines.
- 4 Economical. Savings of 35% or more are not unusual.
- 5 Simplifies collecting and computing figure facts. Reduces number of operations required.

For information on the various types of "Comptometers" available and on the "Comptometer" Peg-Board method, call any "Comptometer" office, or write to Felt & Tarrant Mfg. Company, 1712 North Paulina Street, Chicago, Ill.

# COMPTOMETER

REG. U. S. PAT. OFF.



# New Ideas in Selling

Here are some timely topics which fall within the purview of sales and selling

**Business goes dramatic.** Present-day drama may be decadent, as many argue, and theaters in sad case, but that dramatics still hold lively appeal is evidenced by business' use of mask, wig and sock—if not the buskin—to train dealers and salesmen and to lure customers.

Numerous companies have played angel to productions devoted to the first purpose. Delco Appliance Corporation, Frigidaire, Norge Corporation and others have graced hotel ball rooms and other meeting places in a hundred cities with skits and playlets for the edification of their dealers and salesmen. By precept and example, thousands of vendors of heating appliances, refrigerators, tires, and what have you have thus been more or less painlessly instructed in how—and how not—to stalk that elusive quarry, the prospect.

Dramatic entertainment of one sort or another is also being offered direct to the public by many large companies through the medium of traveling troupes of players. Standard Oil (New Jersey) recently sponsored a vaudeville revue; Standard Oil (Indiana) is said to be planning to put a three-ring circus on the road this spring; Westinghouse has shown its electrical circus for several seasons. The list could be multiplied.

It has already been amply demonstrated that such displays will pull crowds. Older readers will recall also that a forerunner, though not a counterpart, of the present-day sponsored shows, likewise sold a lot of goods.

It was the travelling medicine show.

**To discouraged salesmen.** The energy of American salesmen in combing and recombining markets has become almost a by-word. Some of us—periodically solicited and resolicited by sellers of all things—may even have the impression that markets have been cultivated to the point of exhaustion. Available statistics disprove any such belief.

Take insurance. This field has probably been seen as extensive sales cultivation as any other, yet the London Assurance and associated fire insurance companies adduce, from a recent survey by the National Association of Credit Men:

That the market for the 31 major kinds of insurance among the 22,000 manufacturers and wholesalers which the survey covered is only 45 per cent saturated.

That of the 70 per cent of the 22,000 firms which have boilers or machinery, only two-thirds are insured, and of the 6,600 uninsured, only 700 have been solicited by insurance salesmen.

That only 58 per cent of the 22,000 firms have robbery, burglary or hold-up insurance, which leaves 9,000 of the firms uninsured, of which number only a bare 300 have been solicited.

Equally fruitful fields are indicated by other sources, notably the recent Real Property Inventory, a Department of Commerce survey of 64 cities.

Plumbing salesmen, for example, are shown by this survey still to have ample room in which to exercise their talents, for 23.5 per cent of city dwellings still lack showers or bathtubs. The market for an even more essential comfort of home is only a little narrower, for nearly 20 per cent of these same dwellings also lack private indoor water closets.

Automobile salesmen, on the word of this inventory, have equipped only an estimated half of the total number of families in these cities with cars.

Mechanical refrigerator salesmen, though their efforts have kept their manufacturing plants humming, have



The drama is being used by many businesses as a painless means of training salesmen and attracting customers. The gentleman at right is about to sign on the dotted line in a Norge Corporation comedy

thus far placed their wares in only 17 per cent of these urban homes.

More statistics could be cited but these seem ample to show that the time is not yet when salesmen need sigh for new worlds to conquer.

**Auto loans.** The recent announcement of a Detroit bank that it would finance or refinance loans on new or used cars on the basis of bank interest rates raises some interesting questions.

Will other banks follow suit? If they do, what of the effect on automobile finance companies? And can banks actually make such loans at lower rates than the latter companies?

Under the Detroit bank's plan, according to report, loans are made for one year at the rate of six per cent a year plus a two per cent service charge. The

bank deals directly with the borrower, the latter buying his car for cash and repaying the bank in instalments. An unusual feature is that savings-account interest is paid the borrower on his payments when he has completed them.

The plan has already attracted a good volume of business, it is reported, and car dealers elsewhere have besieged finance companies with inquiries as to why the latter do not offer similar rates. The answer, according to an official of one large company, is that they do. In fact, he says, his company's rate actually figures out a trifle lower.

The same official considers it not unlikely that other banks may enter the field, but professes no concern at the competition they may offer. Similar ventures have been tried in the past, he recalls, only to be abandoned.

"Competition has always tended to keep car financing rates down to the minimum consistent with safety," he said, "and I see no important economies open to banks which will permit them to charge rates actually lower than ours. Remember that banks would have to set up practically the same organization we use, an organization to bring in the business, handle it, make collections and, finally, dispose of repossessed cars.

"This last leads up to some of the ob-

jections which will doubtless prevent many banks from entering our field. Handling of repossessed cars would put them squarely in the used-car business. Ill will of their automobile-dealer depositors would be the natural result, to say nothing of the ill will of borrower-depositors arising from repossessions. Still another consideration would be the matter of handling collections should the borrower move to another city. We are equipped to handle this problem but most banks are in different case.

"Aside from all this, banks would be entering a field new to them, with no background of experience such as we have acquired. While I doubt that we will see any extensive competition from this source, should it actually develop I believe that the efficient finance company would have little to fear from it."



A CITY THAT

is looking for

A WAY OUT



IT is a beautiful city, an ambitious city but it is pathetically debt-ridden. Municipal properties are wearing out because it costs so much to keep them up. The municipal street cars are pounding the streets to pieces. And the cars, built twenty years ago, cannot maintain a schedule that will attract profitable traffic.

The Department of Public Service is cutting down because garbage, cleaning, and maintenance trucks are so expensive to operate.

There is a traffic bottleneck at the Main Street bridge, and the debt-service on a new bridge would be the proverbial straw.

Most of the citizens have forgotten what well-painted, well-protected municipal structures look like.

The city we have in mind is looking for an answer to these problems — an answer so fundamental that it will ease the tax-burden.

Cut to the heart of each of these problems and you find a clear need for light weight, combined with strength, and for exceptional resistance to corrosion. Those are exactly the fundamental characteristics of Aluminum.

Lighter street cars mean lower costs and greater speeds; lighter motor trucks mean lower costs; lighter bridge floors mean added traffic with equal or greater safety. Aluminum structures wear longer, and surfaces painted with Aluminum paint are better protected because this metal resists weather and corrosion.

For almost fifty years, we of Aluminum Company of America, with homes in many cities, have been working to reduce the price of Aluminum, to increase its strength and usefulness, and to make it available for just such fundamental services to all the cities of America. For our country can go forward only as our cities advance. ALUMINUM COMPANY OF AMERICA, PITTSBURGH.

forward via fundamentals



# THE ISOLATED WATCHMAN IS A PLAYTHING OF CHANCE

When your property is in the care of a watchman, he alone assumes responsibilities which at other times are delegated to your entire organization. For more than two-thirds of the time the burden of protecting your property and safeguarding the continuity of your business falls on his shoulders.

Your watchman may be faithful and loyal—but—he is

only human . . . Without outside support, will he be able—single-handed—to cope with any emergency? When fire strikes, will he act with coolness and judgment? When burglars attack . . . when he is ill or injured . . . who will help him?

To leave your watchman unsupported, *isolated* in a deserted building—with only his sense of duty to keep him alert, only his unaided strength and judgment to rely on in a crisis . . . is to gamble with CHANCE.

## A. D. T. Protection Defeats CHANCE

A. D. T. Watchman Supervisory Service removes the watchman's greatest handicap—*isolation*. His patrol stations are electrically connected to the A. D. T. Central Station. Any delay in his signals is instantly investigated by an armed and bonded A. D. T. Patrol. In case of fire, conveniently located alarm boxes enable him to summon the Fire Department direct to the scene. In case of robbery or other emergency, he can instantly summon armed assistance.

## A Free Survey of Your Premises

*There may be many vulnerable spots in your protective system of which you are unaware. A. D. T. will be glad to make a confidential survey of your present hazards and protection. This survey will cost you nothing, will not obligate you in any way—and may lead to substantial economies. Write to A. D. T., 155 Sixth Avenue, New York, N. Y., and we will arrange for a survey at your convenience.*

**Other A. D. T. Protective Services**  
 "AERO" AUTOMATIC FIRE ALARM  
 SPRINKLER SUPERVISORY SERVICE  
 BURGLAR ALARM • HOLDUP ALARM



Controlled Companies of AMERICAN DISTRICT TELEGRAPH CO • 155 Sixth Avenue, New York, N. Y.



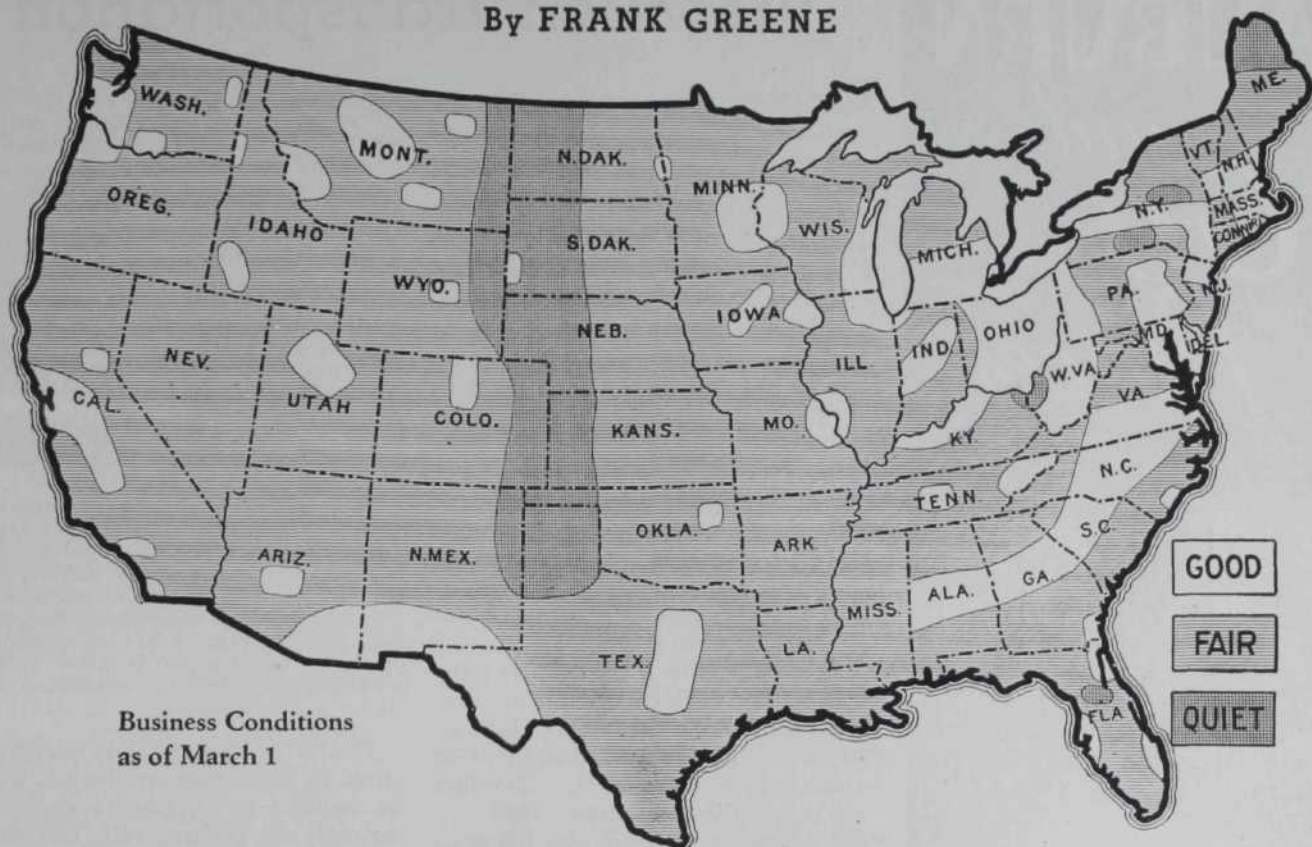
A NATION-WIDE PROTECTION SERVICE AGAINST FIRE, BURGLARY AND HOLDUP





# The Map of the Nation's Business

By FRANK GREENE



FEBRUARY trade, manufacture and collections, although below January, were still ahead of February, 1934. Activity shifted from heavy to lighter lines. Thus, steel ingot production tapered off but consumption was active.

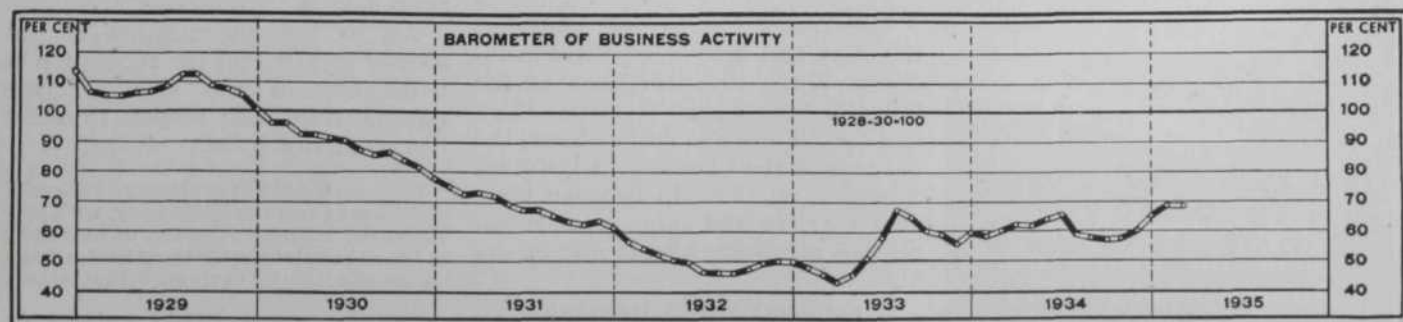
Strong food prices, especially meats, reflected last year's drouth. Hog prices were the highest in more than four years.

Dust storms in the Great Plains area cloud the wheat crop prospect. Lessened supplies of meat-producing animals is one cause for unemployment at some western packing house centers.

Imports of Canadian pork and of Argentine wheat, corn and oats show food price advances. Dun's Price Index is at its highest since May, 1930, and the rise from the 17-year low of 1932 is now 41 per cent. Meats on March 1 were the highest for five years.

February failures were the fewest for that month since 1920.

The relatively bright aspect of business at leading centers contrasts with the unsatisfactory crop moisture condition in the western Plains region



BASED ON INFORMATION SUPPLIED BY DUN & BRADSTREET, INC.

The flattening of the Barometer of Business Activity line at the highest point in nearly three years holds a question mark for business



# drive an AUBURN and Go Places



Everywhere you drive them, the distinctive Auburn Models offer manifest evidence of discriminating taste.  
AUBURN AUTOMOBILE CO.  
AUBURN, INDIANA

## Congress Hears Business Views on Transportation

**B**ECAUSE improvement in the methods of public regulation of transportation has long had its earnest attention, the U. S. Chamber of Commerce has taken an active interest in three bills presented to the U. S. Senate and referred to the Committee on Interstate Commerce. The measures are commonly known as the Motor Carrier bill, the Water Carrier bill and the bill dealing with reorganization of the Interstate Commerce Commission.

### A statement of principles

**ALTHOUGH** these bills include many details on which it would be impracticable to obtain detailed expressions by the Chamber's membership, the general principles have been covered by Chamber declarations on the subject, notably by the referendum on Competing Forms of Transportation submitted to vote of the Chamber membership in September, 1933.

A statement showing how the principles advocated by the Chamber compared with those embodied in the bills was presented to the Committee by President Henry I. Harriman. He said:

With respect to water transportation in domestic commerce, the Chamber advocates that:

All common carriers should be required to obtain certificates of public convenience and necessity.

Common carriers should be subject to regulation as to rates, including port-to-port rates.

All vessels which are not common carriers and which accept cargo for hire should be required to charge the established common-carrier rates.

Regulation should require that the rates of both water and rail carriers to competitive points be adequately compensatory to the carriers making the rates.

The Water Carrier bill embodies the first and second of these principles. While the provisions of the bill differ somewhat from the third and fourth of these declarations, the purpose of the Chamber to maintain a proper relationship between common carriers and other vessels accepting cargo for hire is met in the bill.

Regarding highway transportation in interstate commerce, the Chamber through its Referendum advocated that:

There should be the same degree of

regulation by Congress of interstate motor carriers as has been recommended (by the Chamber) to the states for intrastate carriers as to permits to operate, rates, financial responsibility and hours of service.

The recommendations regarding intrastate carriers referred to were:

Intrastate motor carriers for hire, both common and contract, should be required to obtain permits to operate.

Intrastate motor carriers for hire, both common and contract, should be required to file, post and adhere to rates that are just, reasonable and nondiscriminatory among shippers.

All commercial users of highways should be required to establish financial responsibility for public liability and common carriers also for liability with respect to passengers and cargo.

Safety and fair conditions of competition require that hours of service of operators of commercial motor vehicles on highways should be reasonably limited by public authority.

The principles, already largely in effect in intrastate regulation, would be applied to interstate commerce through the pending bill. The Motor Carrier bill embodies the first three of these principles and would also require contract carriers as well as common carriers to establish financial responsibility for liability with respect to passengers and cargo. The purpose of the fourth of these declarations would, under the bill for reorganization of the Interstate Commerce Commission, be carried out through the codes of fair competition subject to the supervision of the regulating authority.

### Chamber gives general approval

**FROM** this it is apparent that the Chamber's membership is in accord with the main principles of the proposed water and motor carrier bills, although it has not attempted to pass upon details.

As to the organization of the agency to carry on the regulation of transportation the Chamber has recommended with respect to motor transport that:

The interstate regulatory authority should act as an appellate body, with provision for initial delegation of authority to boards of state regulatory bodies from states affected by each case that arises.

The Motor Carrier bill makes such provision.

The Chamber membership has not considered or expressed its views as to whether the regulation of all forms



of transportation should be lodged with the Interstate Commerce Commission in its present form, in a re-organized commission or in separate commissions. A committee of the Chamber has, however, made a report on this subject which I wish to submit for the record. Briefly, the committee believes that the Interstate Commerce Commission, somewhat re-organized, should be the regulatory authority. Our committee shares the Commission's viewpoint that its detailed organization should not be inflexibly fixed by statute. On the other hand, the committee believes that it should be made possible to avoid consideration of cases by the full Commission, which is too large for effective action. It believes separate divisions for the principal branches of transportation should be required, but the details of the organization be left for the Commission to decide. There should be provision for cases involving more than one branch of transportation to be handled by joint bodies representing the respective divisions of the Commission concerned.

Our committee advocates provision for temporary continuation of a limited code system for some branches of transportation, any code requirements to be subject to review by the regulatory body.

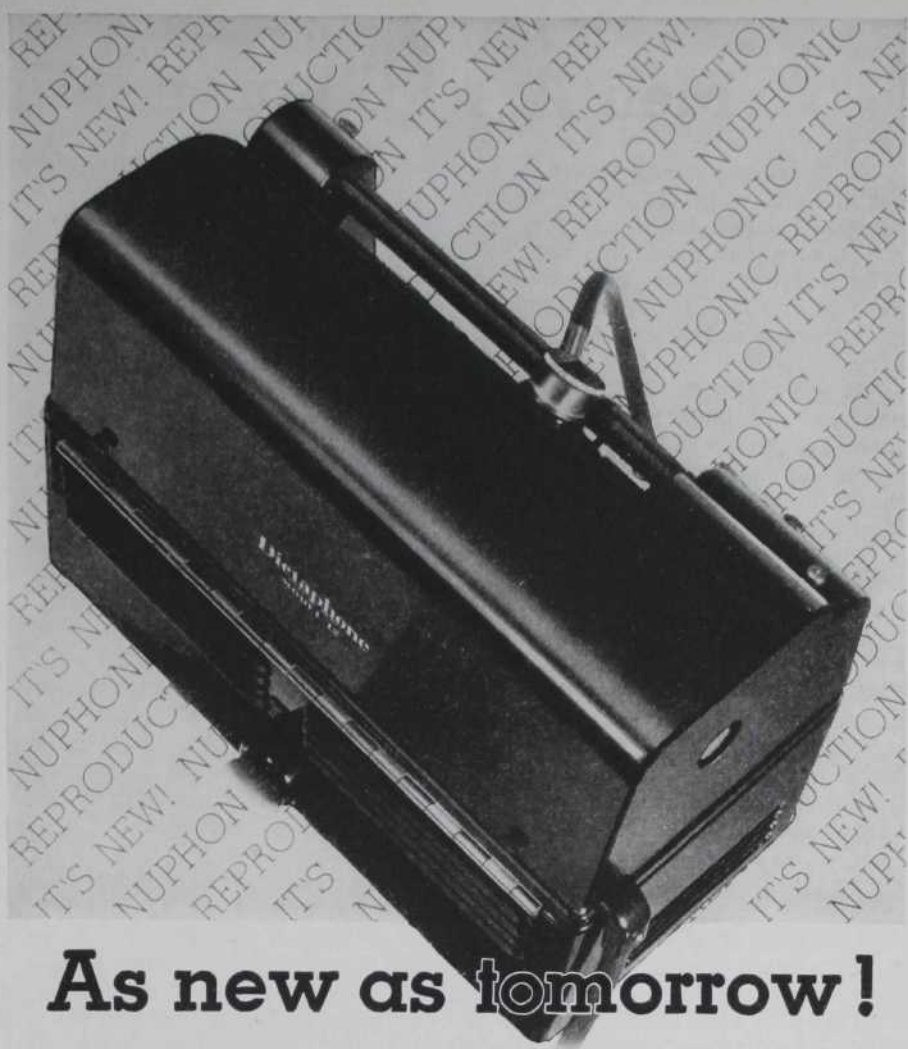
#### Service is up to management

WITH regard to the office of Federal Coordinator of Transportation, our committee points out that the Coordinator has already made comprehensive reports and recommendations on economies and improvements in transportation operations and future legislation, and that additional subjects will be covered before expiration of the period for which the Coordinator's office was created. The committee also believes that to develop and put into effect improvements in service and economies in operation are proper functions of management and that the authority of the Coordinator under the emergency legislation to issue orders in regard to such managerial matters is unnecessary.

With reference to the declarations contained in previous legislation the membership of the Chamber has advocated that:

Section 500 of the Transportation Act of 1930 should be construed as a declaration by Congress of the importance to the public of the major forms of transportation, without preference for rail or water transportation over highway transportation.

This principle and corresponding principles relating to other forms of transportation are embodied in the general declarations of policy in the bills under consideration.



## As new as tomorrow!

That's how new the reasons are for discarding the indirect method of getting your thoughts typewritten.

Nuphonic Reproduction brings your voice to your secretary with a new clarity, enabling her to hear your words just as she would have you dictate them.

Startlingly new and attractive design—the work of Stanford Briggs, well-known Industrial Designer—will add to her appreciation.

Automatic devices simplify the entire operation, leaving the hands entirely free from "tending" the controls.

Your secretary will be interested in seeing the newest dictating machine development—you will, too. Whether you use the Dictaphone or not, you will want to know about it and we want to show it to you. Send us the coupon or come to see us. No obligation—no charge for a demonstration.

Dictaphone Sales Corporation,  
205 Graybar Building, New York, N. Y.

NB-4



- ☐ I want to see your representative.  
☐ Please send me your Nuphonic Progress Portfolio.

Name .....

Company .....

Address .....

## THE NEW B-12 DICTAPHONE

The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied



# Men Are Still on the Firing Line

(Continued from page 18)

get out and whip up morale in the sales force, get new ideas for new goods, keep your head and use it."

Bob Bowes knew his salesmen were going to need some bucking up. He went out and rubbed their backbones.

"Tough times ahead for our competitors," he told them. "A lot of them are going to be belly-aching. When a man starts belly-aching, that's the time to hit him. We're going to town."

Now that the worst is over, Bob Bowes privately admits that sometimes he doubted.

"But, hell," he exploded. "There was no use sitting back waiting for death. If we were going to die, we'd at least die with our boots on."

They didn't die. They went to town. There have been no wage reductions in Bob Bowes' factory. There have been wage increases instead.

## Hard times hurt competition

A LETTER from a salesman in a western state shows how his salesmen have carried on:

"I used to have six competitors in this territory. They've all folded their tents. I'm the only one left and while there's not as much business as there was, I'm getting it all instead of its being divided seven ways."

He showed me letters from another salesman, Louis Fischer. Louis is an Indiana farm boy whom Bob Bowes trained and who is now on a trip around the world in the interests of Bob Bowes' products. Louis doesn't know much about the world but he knows a lot about these products and how to sell them.

It's his first trip abroad. His letters are something to read. He started from New York, bound for England. He'd heard the English were pretty tough customers, that the American sales technique wouldn't work. How and where he'd tackle them he didn't know. But he was on his way.

Louis didn't sit back and enjoy the boat ride. He talked to his fellow passengers, let them know he was a salesman and what he was selling. It turned out that one of them was from India. He'd been educated in England and knew the ropes there. He was interested in the automotive supplies business. Before the ocean was half-crossed, Louis had granted him a distributorship in India and he had given Louis a fat order.

"I want you to know how to

handle these goods," Louis told him. "Suppose you travel with me for a couple of weeks in England and I'll show you something of our merchandising methods."

The Indian distributor knew the ropes in England. Louis' letters indicate that he learned as much from his new distributor as the latter did from him. He is getting along fine with the Englishmen now—the first order he sold there will pay expenses for the whole trip—but he can't understand English hotel men. He stopped at an exclusive London hotel. He wanted to put up a front when he made his first contacts. He promptly converted his room into a complete tire repair shop and display room and brought prospective distributors to see and admire. The hotel manager viewed this procedure with alarm and dismay.

"It was a right nice display," Louis wrote. "But he wanted me to tear it right down and get it out of there. I talked to him, though, and he finally said it would be all right. Anyway I'm going to a cheaper hotel as soon as I get these first contacts made."

Bob Bowes himself still likes to do a bit of selling on occasion. He was out in the Utah district not long ago. One of his men met him at the hotel. Things were a little slow.

"I've got a tough customer right across the street," he told the boss. "He bought 12 cans of top dressing last month and he's sold five. He just told me he didn't think he'd reorder now; that those seven cans ought to last him through next month."

"Well, Fred," said Bob Bowes, "let's go over and talk to him."

Fred took the boss over and introduced him to the dealer.

How was business on that top dressing?

Well, that was like everything else, pretty slow.

"People just don't call for it," the dealer confessed.

Bob Bowes turned on Fred.

"Fred, did you tell this man that people were actually going to call for that stuff? Tell me, mister..."

"Oh, another one of those merchandising talks, eh," broke in the dealer.

"No, mister," said Bob Bowes, gently. "No, I just want to know the names of those two boys you've got out front there on the pumps."

The dealer told him. Bob Bowes went out front, called the boys by name, told them they looked like pretty good salesmen and that if they

watched he'd show them how they could sell even more goods than they were already selling.

When the next car drove in, Bob Bowes stepped onto the running board while the boys were servicing it. He began examining the top, running his finger along the fabric edge. Not saying a word. Just looking. The driver got out to see what was going on. Still no word.

"Say," finally blurted the driver. "What are you doing?"

"Why, just looking at your top, mister. Did you ever look at your top? Most people don't, I know. But come here and look."

The driver came and looked.

"See here," Bob pointed. "See that crack. And look there. There's a place where the fabric's bare."

He whisked out a swatch containing a square of old, well-worn top material and a square of glistening new material. He flipped the square of old material down on the car top. It matched exactly. He flipped the new square down. What a contrast!

"Mister, it will cost you about \$12 to get that top re-covered if you let it go much longer. Or you can take this dressing and fix it up for 60 cents."

## Three out of seven

BOB BOWES tackled seven motorists successively. He sold three of the dealer's seven cans. He walked back and tossed the money down.

"Let's see," he figured aloud. "There's three cans sold within an hour. At that rate you can sell about 40 cans a day in this location. You can sell 40 cans if you'll only ask them to buy, instead of waiting for them to call for it."

The dealer thought a moment.

"Fred," he said finally, "maybe you'd better send me over about three dozen cans of that there dressing."

Consumer demand is all bunk to Bob Bowes' mind. Talking about it gives dealers the idea that people are going to come in and take something away from them. There is such a thing as consumer acceptance. Bob Bowes has tried to get it through quality of product and standard prices.

Price maintenance is a cornerstone of his business. Price chiseling and price chisellers are his pet peeves. He's been inveighing against them both for years. Yet press him and he admits that he hopes chisellers stay in business.

"They give me some of my best



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selling points," he told me. "Dealers who handle my lines know that the prices they ask for those products are the same that other dealers ask. They are sure of fair profit and of their customers' good will. Customers don't pay them one price, then find the product offered at cut prices some place else."

Bob Bowes' ideas have built a thriving business. He and brother Charlie took us out through the plant. Brother Charlie still handles the manufacturing. He has designed and built a good many of the machines—ingenious machines developed to meet particular problems. An old balance scale and a system of levers speed the filling of small solvent containers. The tin's placed on one balance, the solvent flows in, the one balance goes down and the other rises until it clicks off the flow at the instant the can's filled.

Tube repair kits were going through the works, their labels printed in many languages. Export business. Foreign trade at its beginning.

### Better patches made cheaper

WE SAW another machine, developed to cut bevelled edges on the tire patches.

"A feather edge leaves nothing for the patch to catch on and pull loose," Bob Bowes explained. "Incidentally that machine is what's letting Fischer do a tire-patch business in England. Our English competitors mold their patches individually to get that edge. That's expensive. We cut that edge at a cost which allows us to pay freight and duty and still undersell the English in their own market."

While we were pulling on coats, Bob Bowes rummaged in his desk.

"Here's something I ran across the other day that I want to show you, Felix."

He pulled out a faded paper.

"It's the first financial statement I brought down to you in 1919.

"Total merchandise sold, total merchandise bought, accounts receivable," Bob Bowes tallied off the abbreviated items. "And here are your penciled notations showing how I should break those items down. I've learned something about making out financial statements since then. Still that one wasn't so bad. It showed a net worth of \$663.76. What it didn't show was that I had had to charge off about \$400 of the \$25 a week salary I was paying myself to show a profit that first year. . . ."

OUR cab was rolling out West Tenth Street. "I want you to see a couple of friends of mine in a different line. . . ."

We climbed a twisting concrete stairway of what used to be part of

an automobile factory. A room was partitioned off at the front. Two shirt-sleeved men jumped up as we entered.

Back in 1921—note the date again—C. B. Shafer had an idea that there was a field for paper containers—paper boxes, paper cans, paper mailing tubes—in Indianapolis. He knew the paper box business. He set up some equipment in a room and started out. The business outgrew the room and it outgrew Shafer. He added a floor to his plant and looked for a partner. He found one in Paul C. Denny. Denny had come to the superintendency of an Indianapolis box factory from a Chicago plant. In 1923 they incorporated as the Indianapolis Paper Container Company. Together they constituted both the management and the working force.

Shafer's the lean one—he handles the books and the figures. He figures close. Denny's the chunky one—he handles production and purchasing. He figures close, too. Either or both will close a sale on the slightest provocation.

"They're hard to get away from," one of their customers told me.

The two of them, with a girl in the office, run the business. "We three are the overhead," Shafer explained gravely.

In 1924 they had to have more room again. They found it in a group of old frame buildings. Rent, \$100 a month—a pretty heavy load. A little figuring showed that they had more space than they needed. So they sublet that space to two other concerns. Shafer's books showed a monthly entry of \$40 for rent thereafter.

The business kept growing a little each year. Nothing phenomenal. Competition was keen and they had to keep pushing. They kept figuring and they kept pushing and the business kept growing. They needed more space. They moved into the old auto plant. Its three reinforced concrete floors and windowed sides were ideal. Paper stock and paper box making equipment run to weight.

Pretty soon they needed still more space. Two shacks stood in the rear of their building. The owners came in one day and said they wanted to sell. An estate had to be settled. They wanted \$3,000. Denny and Shafer weren't interested.

"We're figuring on putting up a garage there if you don't buy," the owners said.

A fire hazard next door would do things to their insurance rates, but Denny and Shafer still weren't interested.

"It's your property," they said.

A year later the owners came back. They hadn't built a garage.

"If you need those lots you can

have them for \$1,200," they said. Denny and Shafer weren't interested.

Recently they came back again.

"You can have those lots for \$400."

"We'll take them," Denny said.

They took them and they sold the two shacks for \$50. Then they built a 65 by 43 foot storeroom out of concrete blocks.

"We did nearly everything but actually lay up those blocks," Shafer said.

Denny led us out to see that store-room with proper pride. He pointed to two steel I beams in the roof.

"The city told us we had to put 18-inch beams up there. So we put in 24-inch beams. I picked them up in a junk yard. They were five feet too long. Another junk dealer trimmed off the surplus just for the metal. The whole job, land and all, cost us less than \$2,000."

He showed us a stack of used corrugated cardboard containers.

"A company down the street gets its supplies in these," he said. "When the price of new shipping containers went up awhile back we made a deal for these. Now we're using them instead of new ones."

### Costs are cut low

DENNY and Shafer believe in keeping down costs and plant investment.

Denny took us back through the plant. Tier on tier of cardboard sheets filled the ground floor.

On the second floor they make the dies which go on the cutting presses and cut the flat sheets of cardboard into proper form for suit-boxes, cake-boxes, doughnut-boxes. There's a technique to shaping and bending the strips of sharp-edged steel and assembling them into those cutting dies. Denny knows that technique. He makes cutting dies for other plants as well as for his own.

He showed us the cutting presses.

"That one used to be a platen printing press. I picked it up from a blue-printing company that had gone into receivership."

He showed us other machines. "I picked that one up—and that one, too—from companies that didn't need them any more. They took the prices out in trade.

"Here's the machine that makes mailing tubes."

Three strips of cardboard were winding themselves on a steel core from three reels. A glue box was standing to one side, unused.

"That's a commercially made glue box," Denny explained. "It's about the only thing on the market for applying glue to these strips as they're wound into three-ply mailing tubes. It applies the glue to a single side of two of the strips and the



T H E T R U C K



O F V A L U E

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82% more American buyers

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In the *General Merchandise Fairs*—with more than 6,000 exhibitors from 22 countries—every possible line for department and specialized stores was shown. American buyers and technicians found particular interest in the new "Ersatz" materials—especially the new synthetic textiles and metals. In the *Great Engineering and Building Fairs*—with 2,000 exhibitors—all types of machinery, tools, equipment and processes were shown, with special emphasis on the small-unit machines adaptable to present-day fluctuating business conditions and the variety of small orders.

The 1935 Fall Fairs will open August 25th. We invite you to communicate with us now; let us help you determine the profit possibilities for your firm of covering the Leipzig Fairs. Write for Booklet No. 17, giving a more detailed picture of the Fairs. Let us know the lines in which you are interested.

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# LEIPZIG TRADE FAIRS

glued sides stick to the center ply."

He pointed to another box, in use.

"There's one we built ourselves. It applies the glue to *both* sides of the center ply at once, so that the two other plies stick to it instead of it sticking to the two others. It's simplified this operation considerably."

Paul Denny knows his machines and he knows their capacities. Back during the jig-saw puzzle craze some of his friends thought he and Shafer were missing a bet by not getting into the game.

"But we didn't go into it. We made the dies for the other boys instead. I knew our presses weren't heavy enough to cut that stuff. Some of the others found out theirs weren't either. I know of plants which ruined several thousand dollars' worth of presses on those jig-saw jobs."

Denny's made or re-jiggered a good many of those machines. He can run all of them and he can show a new man how to run them.

### Knows his men and machines

HE'S trained every one save one of the skilled operators among their 25 employees, made skilled workmen out of common labor. He knows them and they know him. He and Shafer don't pay high wages, but they pay steady wages. There have been no lay-offs during the depression. The business has shown steady progress in all but one year, 1931. Sales were off 15 per cent that year. They had to trim sail. No lay-offs, but they had to cut wages ten per cent. Then they started pushing harder than ever. They pushed the next year's sales back up and restored wage levels. They kept pushing and in 1933 their sales set a new record. In 1934 they exceeded that record by 20 per cent.

Back in the front office Shafer explained how they did it.

"We just pushed," he said simply.

Denny and Shafer aren't worried much about the future. They think they'll be able to get along.

Shafer laid down a report he was toiling over.

"We'll get along if they'll let us alone. Right now I spend about half my time making out reports to our code authorities, reports to Washington, reports to the state house—when I ought to be out making business."

ABBREVIATED space forbids details concerning several other calls my friend arranged. Some of the businesses and business men I visited had gotten their start, like two of those whose stories have been told,

during the 1920 depression. Hard times were no novelty to them. They had carried on then and they were carrying on now. They were keeping their shops and their shops were keeping them—and their employees. Competition held few worries for them. They were holding quality high, bringing out new products, improving old ones. A pressing common concern was rising costs and the slackened volume that would ensue if they increased prices of their own products. Those things and some of the economic ideas and edicts that have come out of the East.

One manufacturer, an Easterner born and educated, declared that some of those ideas are alien to the folks out in the broad reaches of the country.

"Eastern metropolitan thinking doesn't know the county-seat mind," he told me. "They don't know how people live and think out here—and this is the real America. Some of the ideas which are being saddled on us are holding us back instead of helping us ahead."

Before leaving town, I stopped in at the People's State Bank to say goodbye to my friend and guide. A low counter immediately inside the modest lobby enclosed Felix McWhirter's desk. Mr. McWhirter would be in shortly. I wandered about the lobby. On the west wall was a bronze plaque. It was inscribed to an earlier Felix McWhirter, the bank's founder and first president, dead now these 20 years.

"A lifetime was devoted by Felix T. McWhirter to assisting purposeful men and women," the inscription read, "and such an object is the cornerstone of this bank's foundation."

My friend came in. He told me the stories of the men I had met in more detail. He knew their stories, for he had served as banker, counsellor and friend to all of them. He told me the stories of other Indianapolis business men.

"I'm sorry you haven't had time to visit more of our folks," he said as we bade good-bye. "There are lots of other men in this town like those you've met. And this is a pretty typical American community. Go into any other one and you'll probably find pretty much the same situation. Men still on the firing line, still plugging away. They haven't been licked yet. I don't think they're going to be licked."

"Change the 'they' to 'we' and the statement stands," I reflected as I came away. "Virility, resourcefulness, courage. Ancient virtues, but still at work in America. Their manifestations are everywhere among us. They remain, as in the beginning, the hope of our future."





# ONCE UPON A TIME THERE WAS A KING. . .

## ...poor fellow!



### How Commercial Credit Company Serves Buyer and Seller

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Time payment financing has wrought a greater miracle than the touch of Midas—has turned the hopes and desires of millions of average Americans into golden realization. Within the span of twenty-three years it has broadened markets for manufacturers, increased production, created jobs for armies of workers. It has enabled America in the mass to enjoy hundreds of modern devices for the promotion of health, comfort and happiness.

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## Illinois Puts Hijackers on the Spot

(Continued from page 28)

would stick. This was a typically organized gang in which the members functioned as follows:

Harold Schlensky, a well dressed, substantial looking man, drove over the gang's selected highways late every afternoon in a fast, small car, going hawklike in wider and wider circles to spot likely trucks. When a truck entered the hijacking zone, he telephoned instructions to another gang member. After the holdup he contacted one of several brokers of stolen goods, according to the nature of the cargo. He was called contact man. His sentence was ten years in Leavenworth prison.

John A. Imfeld ran a tavern on a highway running at a tangent from the Lincoln Highway. He received the contact man's telephone messages and passed them on to the actual hijackers. His sentence was one year and one day.

Chester Kerner, Ruddy Ralston and Ellich Forrest Reed received the orders and immediately raced to the spot where the truck was to be picked up. They followed their victim until the road was clear, then ran the truck to the side of the road with drawn guns. One of the three took charge of the truck while the other two blindfolded the driver and his assistant and drove them around to make them lose their sense of direction. Their sentences were respectively six years, eight years and four years.

### Loot was hidden on farms

RUSSELL Mentzer and John Berkeci operated farms in the district. The stolen trucks were run into their barns and the loot stored under hay, in stalls and in silos until sold. Mentzer received a sentence of 18 months but Berkeci was given only a year because in the case presented it was shown that the goods were merely transferred from one truck to another on his premises, the operation lasting 20 minutes.

Allen Segal, a vicious gangster type, was the gang's principal selling agent, having contact with stores handling most of the common types of merchandise stolen. When caught, Segal proved to be the man who had kidnapped a Toledo business man and treated him inhumanely. Tried on that charge, he received a 25-year sentence. Afterward he was tried in the hijacking case and sentenced to three years in prison. When he was taken from the bar into the bullpen, he leaped upon Imfeld, his erstwhile

pal, and beat him; for which he was taken before the court and resented. The new sentence was for five years but was consecutive instead of concurrent. This will prevent him from getting usual good-behavior time off in the kidnapping case and the two years additional sentence in the hijacking case becomes 12 years additional he will have to serve.

### Hijacking follows a pattern

ANOTHER gang roundup last November throws additional light on the operations of hijackers and serves to prove the sameness of their pattern of operation. In this case, the load taken was 220 tubs of butter having a wholesale value of \$4,800. The load was picked up by a Mason City, Ia., trucker at a large storage warehouse close to downtown Chicago. At dusk, 20 miles west of Chicago a small, fast car bearing three men overhauled the truck and slowed up alongside the driver's cab. A man with drawn gun stepped to the running board and shouted: "Pull over. This is a stick up."

As in all cases of hijacking, the hijacker placed himself in such a position that the driver's assistant could not intervene without bringing almost certain death to the driver. There was nothing for the pair to do but stop the truck. The men were thrown blindfolded into the rear of the small car which then drove them to a place of captivity on the west side in Chicago while the truck was driven back to Harlem Avenue, the city limits. There an axle broke.

A half hour later in a nearby alley the butter was transferred to a truck owned by the hijackers. It was driven a block and a half to the rear of a grocery store where it was unloaded and placed in a large old butcher ice box for the night. The next morning it was again removed and was out of sight for two days.

At 7 o'clock on Thanksgiving morning, Lieutenant Kerr and his principal assistants stationed themselves in a building opposite the loading yard of a dairy company in a Chicago residential district. Disguised police squads were all over the neighborhood in their own private cars waiting for signals and instructions.

The gang's contact car drove up at 10:50 o'clock and the contact man surveyed the peaceful dairy yard and its environs. He departed and a half hour afterward the hijackers' truck was spotted approaching the dairy company. Signals were flashed while



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2-23-34	43085	21	Mar. 1, 1934	5267	United pump	Double capacity	2000	1					2					
43		2061	Feb. 28, 1933															
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**DOLLAR STEAMSHIP LINES**  
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it drove into the yard and the police concentration began as soon as the contact car had followed it in.

Twelve men were in sight and suddenly they were looking into 12 sawed-off shotguns, the holders shouting:

"Police. Stick 'em up."

The hijackers had no course but to surrender. Seven of the men proved they were innocent bystanders but five others confessed participation in the hijacking gang's operations.

#### Drivers watch for clues

IN THAT case one of the factors that brought detection was the alertness of the truck drivers in observing small clues. While they were confined for several hours in a dark barn, they noticed that light came through a small square opening near the eaves. When they were taken out to be released, although blindfolded, they kept close account of the turnings of the car and the distance covered so that they were able to direct the police close to the spot of their detention. Finally cruising up and down the alleys, they spotted the barn with the square aperture under the eaves.

The police could have made arrests immediately but they chose to wait for a larger haul. As a result they recovered 200 of the 220 tubs of butter and caught the whole gang. How they learned of the projected sale they must keep a secret. This is but one of the benefits accruing to a system where aggressive operation and long experience bear many fruits.

In the confessions, the men said they had first offered the butter for \$1,750, but could not get the prospective buyer to give more than \$1,400. The retail value of the 220 tubs of that grade of butter that day was \$7,000. The next deal was made at \$1,900 for the cargo, less 20 tubs. The selling agent in that

case was a former dairy employee.

The system has proved again and again that it has additional collateral values. One night before Christmas, a lone truck driver was held up. Taking advantage of his training he rolled out of his seat and ran into the shadow of a building where he hid. When his truck started away he followed in a cab, picking up two policemen who finally shot one of the hijackers and captured another.

True hijacking is an enormous annual expense to the public and the system developed in Illinois seems to be the means of reducing it to small proportions.

The principal centers of operation are in New Jersey, on the routes between New York, Philadelphia and their nearby cities and in Illinois between Chicago and St. Louis and their lesser neighbors. But no large city escapes it. Newspapers pay little attention to it because it is not a sensational crime and the sameness of operation soon makes it lose its appeal to police reporters.

Until recently it has been almost impossible to get convictions because the stolen goods could not be positively identified and the hijackers, operating before dawn or after dusk, were protected from identification. The marking of goods, secretly or otherwise, and the schooling of drivers in observation have helped to remove those obstacles to justice.

In less than three years, a remarkable file of information has been built up in Chicago, not only for Illinois but affecting cities far and wide, and the special cartage theft detail of police in Chicago, Cook County and Illinois have a smoothly working liaison system that is bad luck to hijackers. Government agents, prosecutor and judge have helped bring down the law on crime's newest predatory system of getting an easy living off somebody else's business.

## Politics at the Switchboard

(Continued from page 34)

way. In that year the province had 20,316 miles of wire, 14,424 telephones, and a telephone funded debt of \$2,388,002. By the end of 1932, wire mileage had risen to 293,711, the number of telephones to 62,635 and the debt to \$30,887,478. The interest charges on this liability were \$1,745,513, and they were not earned in that year by \$742,992 or in several preceding years.

In 1933 the shortage increased, and, since the province had been compelled to seek considerable financial help from the Federal Government,

it could no longer bolster the telephone system. It therefore made a clean breast to the people and proceeded to salvage what it could out of the wreck. It has now transpired that something as unlooked for as an annual deficit had also occurred. As I have just pointed out, a sinking fund was fundamental in the Alberta scheme. All seems to have gone well with that fund until revenues began to fall off, on one hand, and operating expenses mounted on the other. At all events, when the crash came, scarcely any sinking fund could be found. Back of that lies the whole



story of mismanagement, neglect of the physical structure, political administration rather than sound business administration, and the complete failure of primary optimism.

Students of economic principles and methods will find in Alberta's experience an opportunity to compare public ownership and corporate ownership. It happens that on the eastern boundary of Canada there are three provinces—Nova Scotia, New Brunswick and Prince Edward Island—which have coincidentally had their telephone interests in the hands of corporations. For informative purposes, I propose to contrast some of the salient results in the East with those of the western provinces. I will do this without comment.

### Public vs. private operation

THE most suitable and convenient gauge for the purposes of such a comparison is the telephone unit, which corresponds to the *per capita* standard used in measuring national trade, national debt and so on. Let me, therefore, say that in 1911 each telephone in the Alberta system stood for a capital liability of \$165.56. In 1932 that figure had risen to \$492.13. Other things being equal, this advance of 200 per cent would not have made for trouble; but other things did not keep pace. Revenue did not. It mounted; yet not at the rate of fixed charges growing out of swelling debt. Expenses were not adjusted to meet rising calls upon income. In the case of Nova Scotia, which was fairly typical of the other two eastern provinces, capital liability per phone actually declined by 17 per cent between 1911 and 1932. It was \$212.74 in 1911 and \$176.13 in 1932. The company, despite the prevailing depression—which, by the way, lowered the number of telephones in the Dominion by 102,955, or by 7.6 per cent, as between 1931 and 1932—had net earnings equal to 3.5 per cent on its common stock in the latter year. The other eastern companies did about the same. It should perhaps be explained that, in the case of corporations operating in the Dominion, the tolls are regulated by the Railway Commission.

I cannot compare the tolls of state owned systems in the West with those of privately operated systems in the East because they are not available; but I have been advised they are lower in the West. The fact I have tried to emphasize, however, is that the capital liability per telephone unit in the West is much higher than in the East. It is \$465.55 in Manitoba, and, as I have already said, \$492.13 in Alberta. I do not give the figures for Saskatchewan, because

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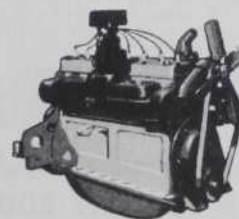
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the situation in that province is not quite on a comparable footing. On the other hand, the eastern liabilities per phone are \$176.31 in Nova Scotia, \$196.91 in New Brunswick, and \$135.38 in Prince Edward Island.

It should help further to an understanding of this matter to glance at the facts as to earnings in their relation to capital liability. Speaking broadly, an increase in funded debt in a business enterprise is not a menace to soundness if net earnings are proportionate. In the case of Alberta, however, that countervail was not present. A gross operating revenue of \$439,846 in 1911 was sufficient to carry a liability of \$2,338,000 and leave a comfortable balance for the sinking fund. But by the end of 1932 a gross of \$3,330,330 left a deficit of \$742,992 and nothing for the sinking fund. And that was true of other years.

In the East, Nova Scotia, for example, in 1932, was able to pay operating expenses, \$162,842 in taxes, \$192,346 in interest charges, and set apart sufficient for a fair dividend on common stock. The western provinces are not taxed on their investment. From these facts it becomes reasonably clear that debt was the rock on which the Alberta telephone system foundered. The eastern corporations were limited in their borrowing to their actual credit, whereas the state-owned telephone systems of the western provinces encountered no such hindrance.

I know of no uncontrollable conditions in the West which would make this comparison unfair. The causes of the Alberta failure must, therefore, be sought in other directions. I turn to the *Edmonton Journal*, the leading paper in the province, independent as to politics, and quote from a recent issue:

It is a very depressing picture that has been presented of the state to which the rural part of the Alberta provincial telephone system has been reduced. The Government is much to blame for having kept the people so much in the dark and having pursued a policy of drift for so long. How could Albertans be prepared for these revelations after pronouncements that they heard or read at recent dates which pictured the system in an altogether different light?

There can be no doubt about the over-extension of the system during the Liberal regime. For this there was no excuse in the face of Mr. Wray's warning. Political considerations were allowed to interfere with sound administration to a shocking degree.

The whole cause of public ownership has been prejudiced as a consequence. In view of this, it is hardly surprising that there has been considerable feeling for some time past that an effort should be made to sell the system.

These strictures were offered by *The Journal* in sorrow rather than anger; for it has been a consistent

advocate of public ownership. The *Montreal Gazette* comments:

As a matter of fact, Alberta's telephone system came to grief because it was not managed on approved business lines. Demands were met that should have been rejected and money was spent unwisely. Public ownership of telephones has received a long trial in Alberta under more than one political party, and has been a failure.

One of these political parties was the United Farmers of Alberta.

It is not difficult to paraphrase these comments into the language which one candid and unbiased man would use in talking to another. They mean that business judgment was set aside for political considerations. I might further observe that some of the Albertan municipalities which ventured into public ownership on a large scale have also come to grief. So serious had become their position that the province had to come to their rescue with special legislation and financial aid.

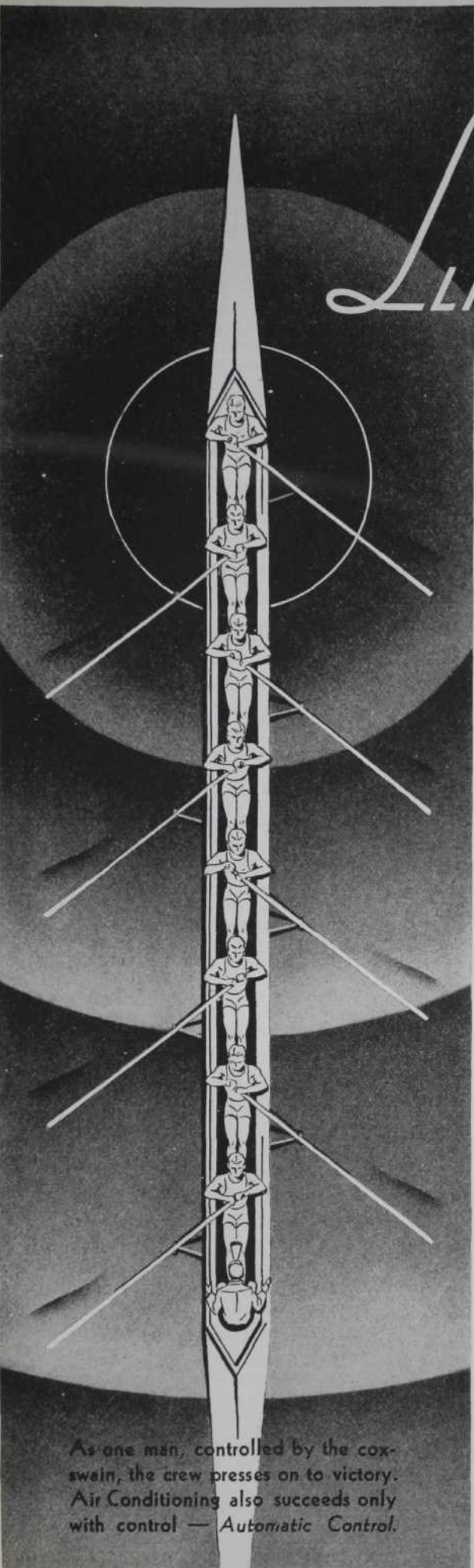
**Ten millions to write off**

AS I have said, Mr. Barker, a New York specialist, was called in recently, and in his report to the Government he recommended that \$10,500,000 of the telephone liability be written off as not being represented by assets, and that \$4,500,000 be spent in putting the rural lines into fair operating condition. In the financial position of the province, however, this suggested reconstruction work was impracticable; so it was decided to sell the rural lines in parcels to the highest bidders. Selling is now under way. In one instance a line which had cost \$48,560 was sold for \$2,396; and it is said this difference represents the measure of deterioration that has taken place.

I have witnessed the rise to political power of the Western Farmers' Party which has figured conspicuously in this matter. Even in the earlier years it was influentially in the background. For a time it controlled the prairie legislatures, and between 1920 and 1925 it had a sufficient number of representatives in the House of Commons to hold the balance of power between the old parties.

Alberta has always been one of its strongholds. Public ownership is the main plank of its platform, and, if this new federal group should win popular approval at the approaching general election, vast changes would follow. All utilities, banking, insurance and so on would pass under the state control. Practically everything would be "socialized." What has happened in Alberta must be considered in the light of this agrarian political influence in the western provinces.





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## Two Views of NIRA

THE National Industrial Recovery Act, passed in 1933, stipulated that NRA, which it created, should have a life of two years. Under those terms, NRA would die in June this year unless something was done about it. A natural question was whether it should be allowed to die.

A referendum vote by the member organizations of the U. S. Chamber of Commerce showed a great majority favoring NRA's demise. This did not imply a feeling that all the work attempted by NRA should be abandoned. The business men proposed a successor for that organization and expressed pretty definite opinions as to how that successor should be built and operated. That was in December.

Two months later, President Roosevelt, in a letter to Congress, urged that NRA be continued. At first glance, therefore, there appears to be a wide divergence between what business wants and what the President thinks it should have.

### Similarity beneath the surface

A COMPARISON of the two points of view, however, reveals that the divergence is in method rather than in aim.

The President says: "I, therefore, recommend to the Congress that the National Industrial Recovery Act be extended for a period of two years."

The business men, as the first proposition in the referendum, declared: "The National Industrial Recovery Act should be allowed to terminate in accordance with its present provisions."

But they also voted yes on the second proposition, which was:

2. Prior to the expiration of the National Industrial Recovery Act, new legislation should be enacted.

This is pretty well in line with the President's second suggestion:

I recommend that the policy and standards for the administration of the Act should be further defined in order to clarify the legislative purpose and to guide the execution of the law, thus profiting by what we have already learned.

There are other interesting parallels.

In his third paragraph, the President says:

Voluntary submission of codes should be encouraged but, at the same time, if an industry fails voluntarily to agree within itself, unquestioned power must rest in the Government to establish in any event certain minimum standards of fair competition in commercial practices, and, especially, adequate standards

in labor relations. For example, child labor must not be allowed to return; the fixing of minimum wages and maximum hours is practical and necessary.

Business views on these questions were expressed in these paragraphs:

3. Any new legislation should be limited to businesses engaged in, or affecting competition in, interstate commerce.

4. Each industry should be permitted to formulate and to put into effect rules of fair competition which receive government approval.

5. The governmental agency should have only the power of approval or veto without power of modification or imposition but with power to indicate conditions of approval.

6. The governmental agency should be a board or tribunal appointed by the President.

11. Rules of fair competition should always contain provisions for minimum wages, for maximum hours of work and against child labor.

### The President goes on:

The rights of employees freely to organize for the purpose of collective bargaining should be fully protected.

The business men devoted three paragraphs to this question:

8. In any new legislation it should be made unmistakable that collective bargaining is bargaining with representatives of all groups of employees that desire to act through spokesmen, without the right of a minority group to deal collectively or the direct right of individual bargaining being precluded.

9. It should be made explicit that the right of employees to choose their own representatives is to be free from coercion from any source.

10. There should be extension of the condition against requiring membership in one type of employees' organization to a condition against requirement of membership or non-membership in any type of labor organization.

### The President continues:

We must continue to recognize that incorrigible minorities within any industry, or in the whole field of trade and industry, should not be allowed to write the rules of unfair play and compel all others to compete upon their low level.

We must make certain the privilege of cooperating to prevent unfair competition will not be transformed into a license to strangle fair competition under the apparent sanction of the law. Small enterprises especially should be given added protection against discrimination and oppression.

### On this point, business said:

7. Rules of fair competition formulated by a clearly preponderant part of an industry as suitable for the whole industry with due consideration for small units and approved by the governmental agency should be enforceable against all concerns in the industry.

### The President went on:

The fundamental principles of the antitrust laws should be more adequately applied. Monopolies and private price fixing within industries must not be al-



lowed nor condoned. "No monopoly should be private." But I submit that, in the case of certain natural resources, such as coal, oil and gas, the people of the United States need government supervision over these resources devised for the purpose of eliminating their waste and of controlling their output and stabilizing employment in them, to the end that the public will be protected and that ruinous price cutting and inordinate profits will both be denied.

Although business men did not touch on the subject of the latter part of the President's paragraph, their thirteenth proposition paralleled its first sentences:

13. There should be an opportunity for members of an industry to enter into agreements other than rules which, when approved by the governmental agency, will be enforceable against parties to the agreement.

In addition, the President made one other suggestion and business men made two. The President said:

In the development of this legislation I call your attention to the obvious fact that the way to enforce laws, codes and regulations relating to industrial practices is not to seek to put people in jail. We need other and more effective means for the immediate stopping of practices by any individual or by any corporation which are contrary to these principles.

The business men concluded:

12. There should, upon reasonable notice, be an express right of termination corresponding to the right of initiation and presentation of rules of fair competition which have been approved and a similar right in the governmental agency.

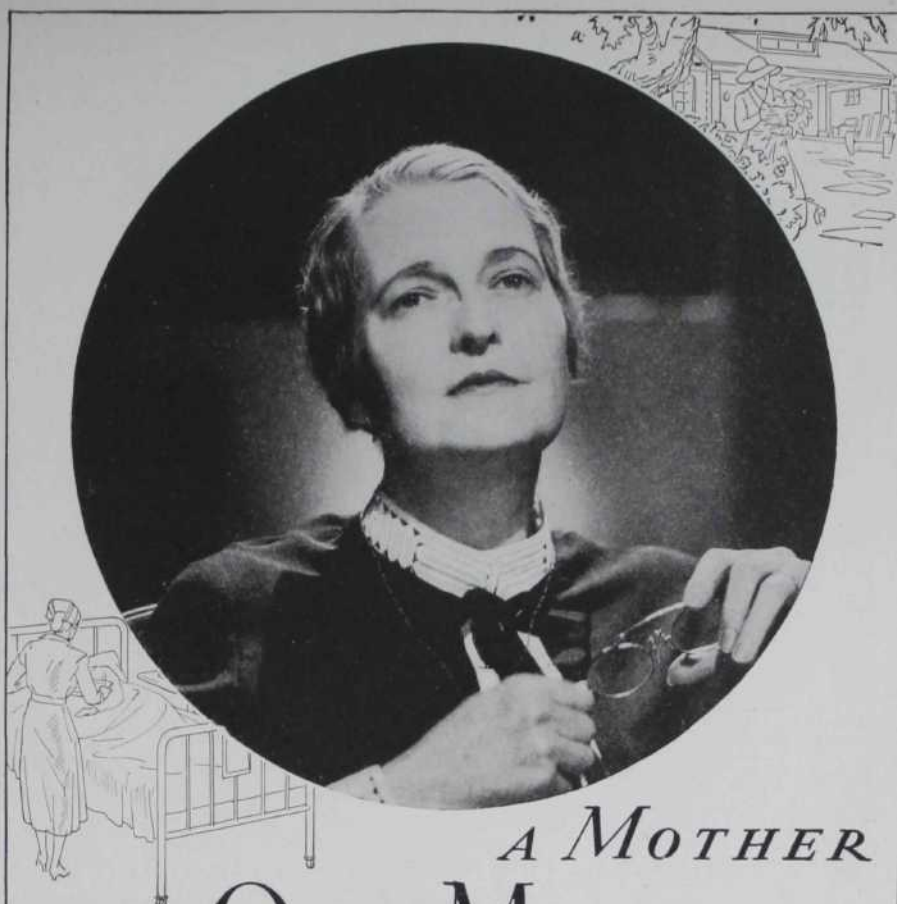
14. The new legislation should make clear that its provisions so far as compliance with them is concerned, supersede any other statute which might appear to conflict.

## American Business Policies

REPRESENTATIVES of every field of American business will gather in Washington April 29 to discuss common problems and to map a course for the coming year. The occasion is the twenty-third annual meeting of the Chamber of Commerce of the United States.

The theme for this year's sessions is "American Business Policies." Specific policies for the varied lines of endeavor which make up the business total will be discussed at group and luncheon meetings led by acknowledged authorities. Several of these group meetings will discuss situations brought about by the New Deal. "Business Under Codes" and "Taxation" will be considered April 29. "The Federal Budget," "National Safeguards," "The Labor Relations Bill," "The Government's Relation to the Power Industry" will be taken up at later sessions.

The meeting will close with a general session Thursday, May 2.



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## In the Woof!

(Continued from page 30)

lina Board to investigate at point of production. Two months later a report was received at New York that the factory production records had been carefully examined, and the depositions of owner, plant manager, mechanics, and machine operators taken—but all without avail. North Carolina had one more clue, however, it was stated, and was trying to locate a young negress who had worked on one of the underwear machines a long time ago, but whose whereabouts were now unknown.

Another month passed. Then a flash came from North Carolina that the machine operator, one Mamie Brown, had been found, but that unfortunately she no longer lived in Asheville, having married a Birmingham negro, one Jefferson Black, who used to run a pool parlor in Birmingham, but who, the North Carolina Board had reason to believe, was now running a numbers racket in New Orleans. Wires to the New Orleans Board to locate Mrs. Black elicited the response in less than a week that Mrs. Black had quarreled with her husband, had departed New Orleans, and was now living with a sister, one Mrs. Joseph Johnson, somewhere in New York City.

### The investigation comes home

THIS information electrified the New York standards authorities. The case had, so to speak, come home to roost. A detail of investigators was assigned forthwith to comb Harlem for the missing Mamie. After diligent search the witness was found and haled before the Federal Board of Universal Standards for the First District of New York. A date was set for hearing, and Klotz, a mere shadow of his former rotund self, was summoned to appear.

The morning of the hearing dawned bright and clear. Country clubs called seductively through open windows to the three commissioners seated on the bench in Federal Building. Black née Brown was on the stand. The chief inspector was conducting the examination.

"Were you employed by Cotton Mills, Inc., of Asheville, N. C., on or about January 1, 1936?" he asked the witness.

"Yas, suh!"

"Did you work on an underwear machine?"

"I sho' did!"

"I now hand you a pair of gentleman's—er—undergarments, marked 'Exhibit A', and also labeled 'United



States Grade A', and ask whether you recognize them."

The negress took the garment and examined it.

"Isa does!"

"Do you see anything unusual about this garment?"

"No, suh!"

"Please examine it closely and tell the board what, if anything, you find—in the woof!"

The witness looked bewildered.

"In the woof!" the examiner repeated with some show of irritation. "Down there at the lower edge of the left leg."

"O!" said Mamie with evident relief. She reexamined the garment, then announced brightly: "Dey's some threads pult."

The commissioners leaned forward.

"Threads pulled?" one of them asked.

"Yas, suh!"

"How many threads?"

"Fo'!"

"Please tell the board how four threads got pulled."

"Well, Jedge," explained Mamie, "threads gits pult sometimes. Gits pult on splinters. Lots ob ways threads gits pult." Thus enlightened the three commissioners went into a huddle. After five minutes one of them beckoned the chief inspector.

"Mr. Inspector," one commissioner asked. "What tolerance is permitted in the government standards with regard to missing threads in the woof or in the warp of fabrics?" The chief inspector colored. He didn't know.

### Variations in the standards

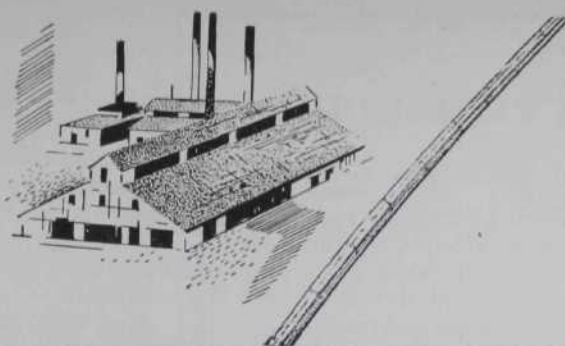
"ISN'T it the fact," the commissioner continued proudly, "that in Volume 825 of the Books of Government Standards, on page 1,006 thereof, it is stated that the tolerance as to underdrawers shall be six threads?"

The inspector half turned to an assistant.

"How about it, Dick?" he whispered. The assistant stood up.

"That is correct now, Mr. Commissioner," he declared. "But at the time the seizure was made in this case, more than a year ago, the tolerance was only three threads. The regulations have been amended several times since then."

Once more the commissioners went into a huddle. When they came out of it their spokesman announced the decision. "This board," he intoned, "hereby reprimands the respondent Klotz for failure to inspect each and every garment offered by him for sale. The co-respondent Withered & Grey company is likewise reprimanded, as is also the co-respondent Cotton Mills, Inc. Case dismissed. All costs to be borne by the Government."



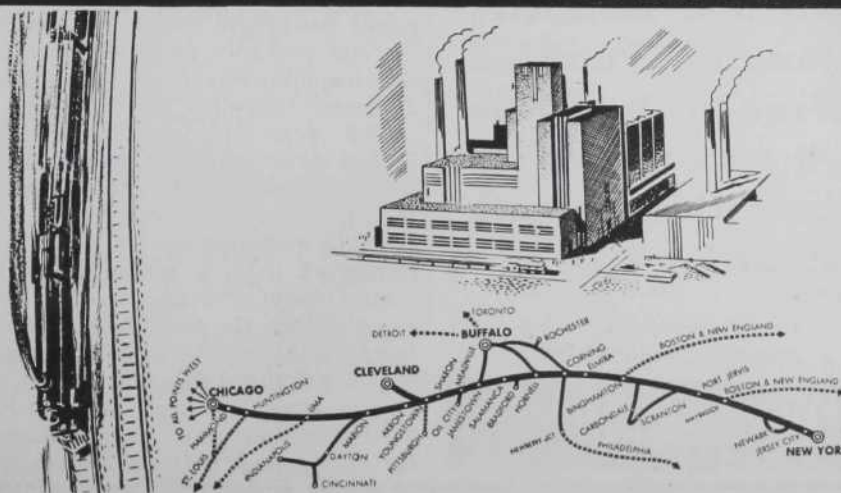
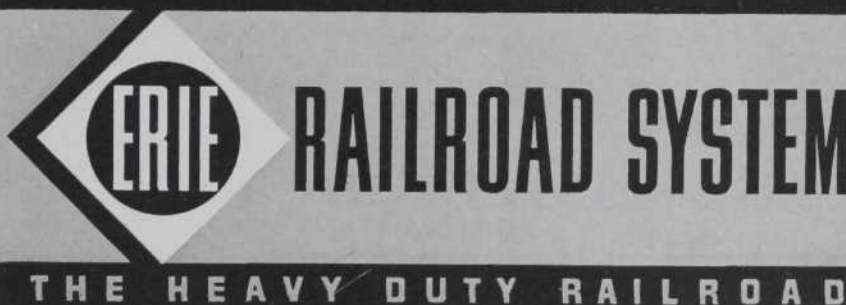
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The shifts have been so rapid it is hard to follow their trend. If they perplex you, ask Erie. We can tell you of markets and materials, labor supply, taxes, real estate values, available factories or sites, and industrial data of many sorts.

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PHILADELPHIA

SCIENCE AND INVENTION HAVE NEVER FOUND A SATISFACTORY SUBSTITUTE FOR GENUINE PUDDLED WROUGHT IRON

## The Factor Finds Fresh Fields

(Continued from page 32)

September its normal shipments totaled about \$115,000. It could readily sell enough to permit shipments of \$150,000 a month during the rest of the year.

But, with more than \$100,000 tied up in accounts receivable, this concern was hampered in financing production to such an extent that its shipments were necessarily reduced one-third below what they might have been.

Finally factoring was adopted. As rapidly as goods were shipped, the accounts receivable were turned into cash. The \$100,000 received from the factors was used in financing production. As a result, about \$200,000 more product could be, and actually was, shipped during the last four months of the year than would otherwise have been possible and the manufacturer's net profit was increased by a little more than \$20,000.

### Custom limited factoring

EVIDENTLY many concerns in many industries could always have benefited by factoring. But for more than a hundred years it was taken for granted that factoring was applicable only to the various branches of the textile industry—silk, cotton, wool, and later, rayon. That undoubtedly was because both the factors and their potential customers outside the textile field had been more or less bound by tradition—tradition based on conditions which existed when all American industries were infant industries, but which had been quietly changing as industry developed, and changing rapidly during the past five years.

The factors subscribed to the "shoe-maker-stick-to-your-last" maxim—the "last" in this case being the textile industry. The industries which might have been using factors but had not probably were held back by the almost universal "my-business-is-different" obsession.

The depression has effectively broken down many traditional business methods and beliefs. For ourselves, our traditions began to crumble when we found our volume falling off because of the slump in textile manufacturing. That prompted us to study the possibilities of finding clients in other fields. We found that the changed financial conditions had in some industries developed a need that had never before existed for the services that factors render. In others which could always have

used factors advantageously, the need for their services had become acute.

In the beginning, it was chiefly the highly seasonal nature of the textile industry that gave birth to factoring. In preparation for a very short selling season, a mill ordinarily builds up its inventories for two or three months—a period in which much is going out for pay rolls, materials and the like, and nothing is coming in.

All this means that, from the time a mill starts laying out cash for its season's production, as much as five to seven months may elapse before any money is received for the goods. In the early days few banks were able or willing to finance a mill on the large scale required. So, to bridge the time between the shipment of the goods and the maturity of the accounts receivable, factoring was developed. The factor also on occasion advances money against the inventory. Such advances are liquidated by the seasonable sales of the inventory.

Other young American industries of a hundred or so years ago, although many of them were more or less seasonal, did not have a financial problem so difficult as that of the textile mills. Their seasonal financial requirements could usually be handled through the banks.

But the depression changed that for many concerns. Many which had formerly had ample working capital suffered such losses that they finally found themselves hampered in their operations for lack of sufficient working capital. Too large a part of it was tied up in accounts receivable. Even when, as sometimes happened, they could get business enough to fill their plants, they had to pass it up because their shrunken capital was insufficient to finance pay rolls, material purchases and accounts receivable. The wage and hours provisions of NRA accentuated these conditions in many cases. A considerable number of such concerns could have financed the additional production if they could have released the capital temporarily frozen in their accounts receivable. These, in several industries, constituted new potential markets for us.

Other companies which had formerly helped out their working capital by borrowing from banks found that source either dried up through bank failures or restricted because of the universal desire of banks to remain highly liquid. Factoring their accounts receivable was the only source of ready money with which to



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# AN INVITATION

## To the American Business Man:

THE Chamber of Commerce of the United States invites you to attend its *Twenty-third Annual Meeting*, to be held in Washington, April 29 to May 2, 1935.

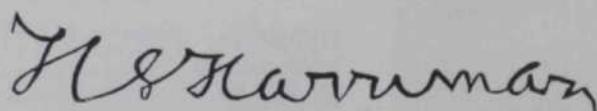
This assembly will mark a further important step in formulating national business position regarding national economic policy.

What business has done, what it is now doing and what it has yet to do to accomplish its larger purposes and fulfill its larger responsibilities will be reviewed.

How government and business can best proceed to advance the national interest, meet current problems and lay the basis for sustained, permanent recovery will be considered from a practical viewpoint.

What adjustments must be made to insure orderly progress and what effects they will have on all types of industry and trade will be brought under broad scrutiny.

Opportunity will be provided for full and free discussion of these far-reaching questions. In this you are asked to participate.



PRESIDENT  
Chamber of Commerce of the United States

WASHINGTON, D. C.  
March 30, 1935

★ finance their production. Another good market for us, opened up by the depression.

Even concerns which had no such immediate financial problems, on finding what factoring was doing for others in their industry, decided to reap the advantages that come to any business from increased working capital. All these constitute a good-sized market that could probably have been developed years ago if tradition had not had such a grip on them—and on us.

There are two tests which determine whether or not a concern can avail itself of a factor's service.

First is the type of customer to which a concern sells. Since the factor assumes all credit losses, the client's sales must be made only to customers on which credit information is available. Such, of course, are department stores, wholesalers, chain stores, specialty retailers, mail order houses and other manufacturers. Obviously concerns which sell to stores so small that no credit information is available on them are not suitable for factoring. Also, if a manufacturer sells direct to the consumer or through dealer distributors on the instalment plan his financing cannot properly be handled by factors. In this latter class are refrigerators, automobiles and oil burners. In such cases the manufacturer uses the special finance companies organized to handle that type of sales.

### Large volume is necessary

THE total volume of sales is the other determining test. While no hard and fast rules can be laid down on this we find that total sales should not as a rule be less than \$500,000 a year if factoring is to be feasible. It usually takes about that minimum volume to absorb the overhead a factor must assume for the office work of bookkeeping, credit checking, collections and the like. There are, however, special cases where a factor is warranted in taking on a company whose business falls below a half million a year. Obviously one case would be a concern which sells to only a few large, rated accounts.

Several lines of business aside from the textile industry pass these tests. Among them are the manufacturing of china, crockery, glassware, shoes, clothing, household electrical appliances, furniture—in short nearly any industry which sells to large retailers or wholesalers on open credit.

Concerns in all of these lines are now using factors. Most of them have accepted the idea in the past five years—which shows that it pays to brush aside all traditional ideas as to who can buy what you have to sell.



# WHEN YOU GET THEM . . .

## KEEP THEM!

BUSINESS, in spite of clearing skies, continues to be a struggle. Orders must be fought for. Profits are still fragile and uncertain. When you get them . . . keep them! Remove the chance that a boiler explosion, or a breakdown of turbine or engine, shall rob your business of hard-won earnings.

"Hartford Steam Boiler" stands ready to guard your profits. The company has two aims: One, to reimburse, through insurance, for direct loss from power equipment accidents—and for the business interruptions which they cause. The other, to *prevent* accidents, as far as human skill permits.

To minimize the occurrence of accidents, over 350 trained inspectors check regularly all Hartford-protected equipment. Danger signals caught by the field inspectors mean boilers that do not explode, turbines that do not crash, engines that do not wreck. Altogether, Company men have built a record of more than 15,000,000 inspections. From this laboratory of vast experience the Company's engineering staff has developed its effective methods for the safeguarding of power equipment.

These are some of the reasons why executives of many of the largest industries, as well as the heads of thousands of smaller plants, insist on Hartford Steam Boiler coverage. Agents and brokers will be glad to arrange it for you.

Of all the premiums paid for boiler and machinery insurance in the United States, more than half are paid to obtain policies bearing this familiar seal, hall-mark of the largest purely engineering insurance company in the country. 90% of all power boilers built for America's industrial plants bear this other imprint, the Hartford Steam Boiler stamp of approval.



A Hartford Steam Boiler inspector checking an insured engine

**THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE COMPANY**  
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## Only One of the Hands

He held only a minor place at the plant. But at home he was the head; by his death a household has lost its only supporter.

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enables the employer to give due recognition to the importance of such a worker to his family.

*We invite inquiries  
from Employers*



### THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

EDWARD D. DUFFIELD, President  
Home Office: NEWARK, N. J.

## Labor's Quarrel with the President

*(Continued from page 24)*

This dispute was never decided because the conferees branched off into discussing the form of ballot to be used and the formulation of rules for the election. Many months later, the dispute was taken to the Federal District Court in Wilmington where the Department of Justice asked for an injunction which would open the way for an independent election of employee representatives.

Not only was this injunction denied, but the court held that Section 7a of the Recovery Act was void and unconstitutional when applied to companies not engaged in interstate commerce. A major setback for labor.

The disputes involving the Harri-man Hosiery Company and the Budd Manufacturing Company, resulting in strikes and elections, also were slow of adjustment by the NRA and the National Labor Board.

In March, 1934, workers in the Carnegie Steel Corporation plant at Duquesne, Pa., asked the Labor Board for elections so they might choose spokesmen for collective bargaining. The board decided in favor of the petition in May, but fixed no date for the election.

The company union elections were scheduled for June. Labor board officials and officers of the U. S. Steel Corporation had discussed the election in the Carnegie plant. The employing company was unwilling to allow an independent government-supervised election on the terms set forth by the labor board officials. In the meantime the employee representation plan election was held in June without participation by the Labor Board which was by then getting discouraged because it found itself unable to obtain prompt enforcement of its decisions.

On June 30, 1934, the National Board went out of existence when the President created its successor, the National Labor Relations Board, with Lloyd K. Garrison as chairman, as the father of all labor boards.

### Courts review board orders

AT this time there happened to be a strike threat in the steel industry and shortly after the creation of the National Labor Relations Board the President formed the National Steel Labor Relations Board to handle labor problems in that industry. The election petition in the Carnegie plant was filed with the Steel Board about September, 1934, and in De-

cember the Board granted the request and ordered an election. The Executive Order setting up the National Labor Board and the Steel Board states that appeals from decisions may be filed in the form of a request for review by the Circuit Court of Appeals.

The Steel Board gave the Carnegie Company one week to submit its pay rolls since only through checking of the pay rolls can the names of those entitled to vote in elections be ascertained.

Just before the week expired counsel for the company union asked the circuit court to review the Board's ruling. This meant further delay. Whichever side loses, an appeal will be taken to the higher court. Thus there will be additional delay. Delay frustrates the union desire for prompt election of spokesmen for collective bargaining.

Within a year after the passage of the Recovery Act, the unions which had been "on the job" at the beginning had enrolled their maximum membership. Those organizations which had expected the Administration to do the work of enrolling members for them were disillusioned. But so were some of the more militant unions which had used their own best efforts to organize.

### Enforcement delays irked labor

THE disillusionment came about when the unions failed to obtain what they had expected, quick enforcement of Section 7a. The unions would appeal to the regional labor boards. The side that lost would appeal to the National Labor Relations Board. There were hearings, conferences, interminable arguments. If the National Board sided with the employee it would refer the case to the Department of Justice. More conferences on the evidence. Delay in presentation of the case to the courts. The Department of Justice moved cautiously.

Organized labor felt that only through some assistance by the Government could it cope with the delay in obtaining prompt action on Section 7a cases and especially with the widespread growth of employee representation plans. Last winter Senator Wagner fostered a bill to outlaw the company-supported union. Employers attacked the bill as a measure to turn the control of American industry to "a national labor monopoly." The fight was carried to the unions with the demand that the

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... Stiff leg bracing.  
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For proof of our claims have a Stewart representative show you actual samples of Stewart Fence and structural details.

Write for his name and address.

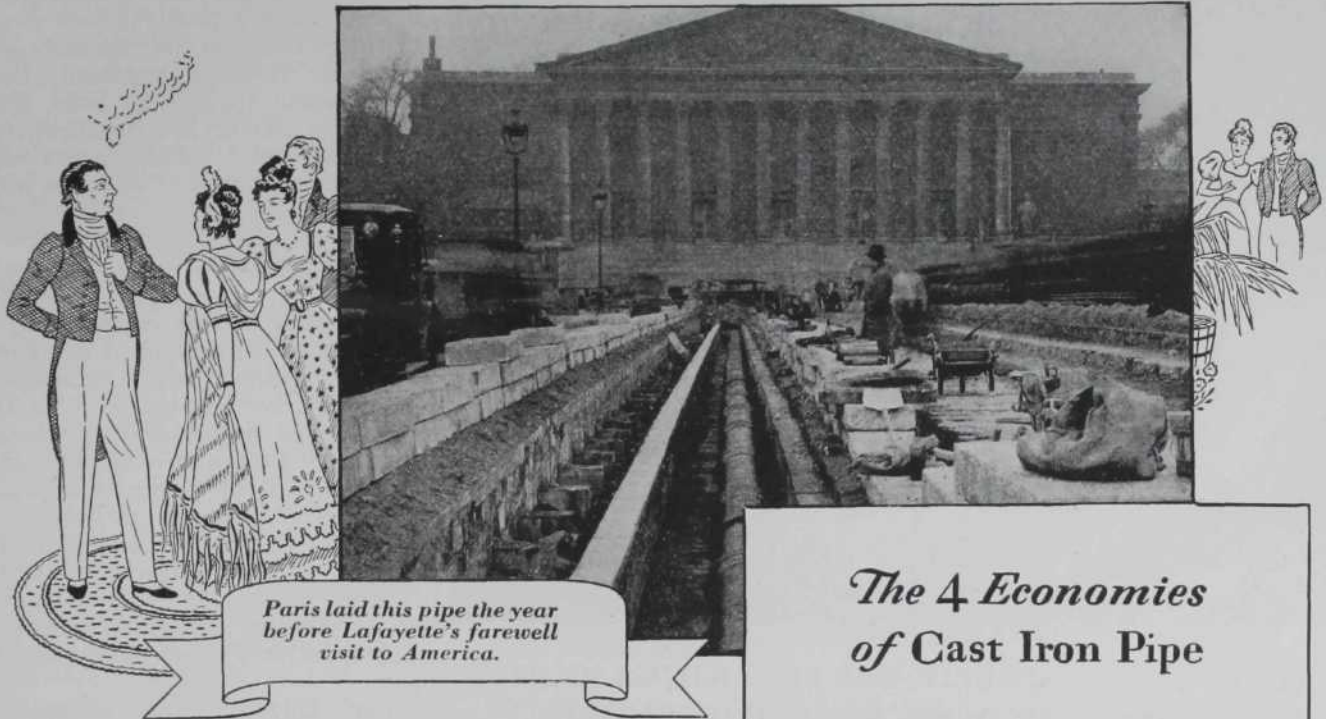
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# 106 years underground *then back in service*



**A**BOVE is shown an unretouched photograph of 106-year-old cast iron pipe, with bell-and-spigot joints, being relaid across the Pont de la Concorde in Paris. Installed in another part of the city about 1825, this section was taken up and relaid in 1931. Each pipe was in such good condition that it could be relaid immediately, and the rest of the original line of which this section was a part is still in service underground. Other cities in Europe and America can point to cast iron pipe, with bell-and-spigot joints, still in use after serving 100 to 200 years and longer.

The four major economies resulting from the long life of cast iron pipe are due to its effective resistance to rust. Cast iron is the one ferrous metal for water and gas mains, and for sewer construction, that will not disintegrate from rust. This characteristic makes cast iron pipe the most practicable for underground mains since rust will not destroy it.

## *The 4 Economies of Cast Iron Pipe*

1. Official records of cast iron pipe laid 100 to 200 years ago and still in service, prove that it is *cheapest in the end*.
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3. Long-lived pipe obviously causes less street-opening for replacements and repairs. Therefore, cast iron pipe *saves money on street-openings*.
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Government supervise the election of labor union officials and that the unions incorporate so that their officers would be legally liable for their acts.

The Wagner bill died. Another major labor defeat.

At about the same time, organized labor suffered two additional reverses. Out of the convocation of code authorities in March, 1934, labor had hoped would come a shortening of hours and a proportionate wage increase. That was the "ten and ten" program. Nothing happened. One union, some six months later, succeeded in having the President, by executive order, reduce hours ten per cent and increase wages in proportion.

### Minorities win their rights

THE second reverse, another major defeat, was the agreement arranged by the President with automobile manufacturers and the A. F. of L., that averted the automobile strike on March 25, 1934, and resulted in the establishment of "proportional representation" instead of "majority rule." The National Labor Board had previously made several decisions favoring spokesmen of the majority of the workers as agents for all the employees in a plant or industrial unit.

For industry, the automobile agreement was a major victory. It opened the way for employers to deal with majorities, minorities or even individuals. This was industry's interpretation of Section 7a and General Johnson and Mr. Richberg supported it.

The effect of the 1934 automobile agreement on organized labor cannot be exaggerated. It placed the A. F. of L. on the defensive and had a devastating effect on its status. It shattered the morale of the National Labor Board, reducing its precedents to so much paper. After this agreement, organized labor began holding itself aloof from labor boards and a rise in strikes was noted. At the same time those employers who favored the automobile agreement form of settlement pushed organization of company unions and refused to settle strikes and disputes on terms other than those provided for in that settlement.

To the unions the agreement meant a revitalizing of the company-dominated union which they had hoped was on the way out and to the employees it meant the beginning of the works council plan of collective bargaining, in which all groups are represented and the negotiations are limited to the individual plants.

In the meantime the Weirton case,



which had almost been literally pushed into the courts on the insistence of the Federation of Labor, was on the calendar. Last May, organized labor suffered another defeat in this case when Federal District Court Judge Nields in Wilmington, Del., denied a preliminary injunction to restrain the Weirton Steel Company from interfering with an independent election supervised by the National Labor Board. There was a touch of irony in the decision which was based on the Norris-LaGuardia Anti-injunction Act, adopted by Congress several years ago on labor's insistence. This Act prevents issuance of a preliminary injunction in the Federal Courts without a formal hearing of witnesses in open court. The decision in this case, as explained above, has gone against organized labor.

Even in the case of the Houde Company of Buffalo where labor won a victory of first magnitude, the victory turned out to be fruitless. In this case the National Labor Relations Board decided that the employer is obligated to bargain exclusively with the representatives elected by the majority of the employees in any given collective-bargaining unit and to endeavor in good faith to arrive at a collective agreement relating to that unit. It stated that this did not mean that a minority or any employee did not have the right to present grievances or to confer with the employer "or to associate themselves and act for their mutual aid and protection."

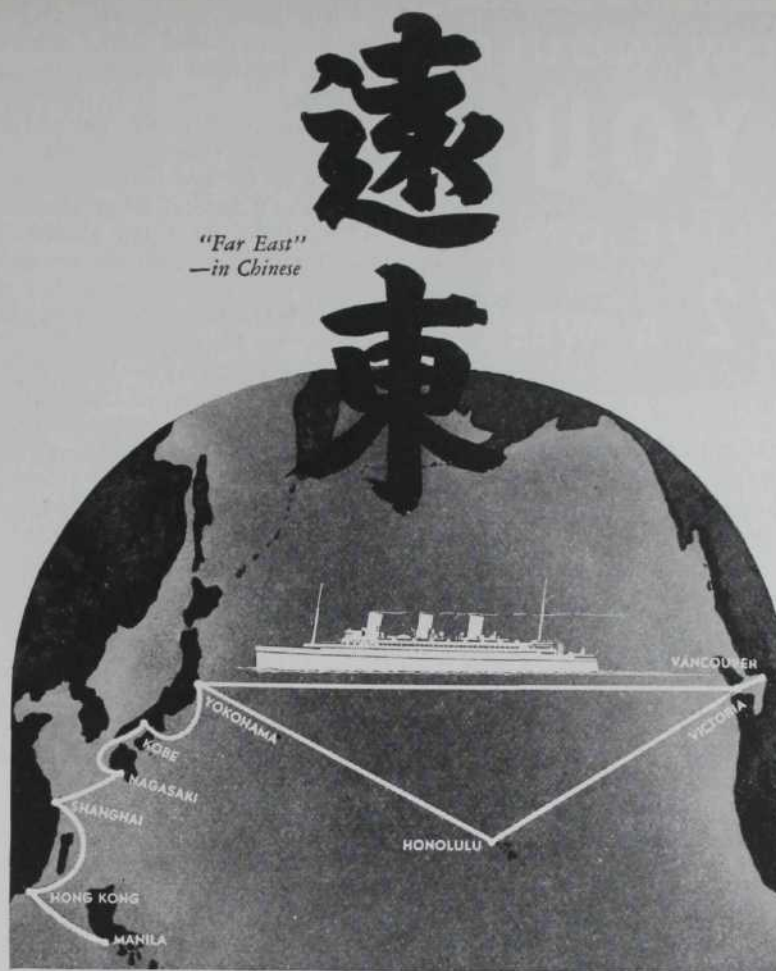
This decision was handed down last August but employers refused to abide by it. The Houde Company defied the board. After some delay, prodded again by organized labor, the Department of Justice took the case to the courts. But labor gained very little.

In case after case that followed, upon a ruling by the National Labor Relations Board that an election should be held, employers acted almost as a unit. They asked for court review of the election order. Among the election cases held up in this way are those of the Firestone and Goodrich Rubber companies and the Bendix Company.

### Industrial truce dies down

THESE events gradually caused the organized labor forces to conclude that the Roosevelt Administration had decided not to press for enforcement of Section 7a. By the beginning of November the President's October proposal for an industrial truce had all but vanished.

Negotiations for an accord in the steel industry broke down almost on



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But when a man does find himself buried in uncontrollable debt—he needs first of all a loan to relieve the pressure of financial worry. Then—of equal importance—he needs expert help in money management. Household offers to such families a complete plan of home money management—and for the woman, a constructive education in methods of buying to stretch dollars as much as 20%. This service is available to any family whether customers of ours or not.

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the eve of a settlement that was based on proposed terms somewhat similar to those in the automobile settlement.

Organized labor resentment against the Administration was fanned by failure to make progress in having a second labor spokesman added to the Recovery Board. Also labor's struggle to obtain representatives on code authorities and on NRA administrative boards had apparently made no headway.

The controversy between the American Newspaper Guild and the daily newspaper publishers which culminated in the President's letter to the National Labor Relations Board in January curtailing its power over labor disputes under the newspaper code and other codes, was considered a direct blow at organized labor.

The Labor Board has been labor's pet and the diminution of its prestige in this instance was shocking to the labor morale.

### Labor attacks Richberg

LABOR'S smoldering resentment finally broke out in direct attacks on Mr. Richberg by Messrs. Green and John L. Lewis, the mine union leader who blamed the former railway union lawyer for the fact that labor

was ignored in the recent negotiations for extension of the automobile code.

Turning toward Congress, the Federation of Labor is now pressing for passage of the 30-hour bill, having failed to obtain administrative endorsement for this measure.

If the bill shows strength, direct Administration opposition to it is expected.

The Wagner trades dispute bill, recently presented again, is being held as a possible trading measure that may be substituted for the shorter hours bill.

Organized labor, while hoping for Administration favor, may find itself compelled to accept the Administration's neutrality as its sole ray of comfort in the months to come.

If the Wagner bill again fails of enactment, labor will be thrown back on economic action, on its own organizational work and on its resourcefulness in winning converts to its cause.

The Administration, embarrassed by the labor pressure for the 30-hour bill, nettled by the union insistence on the prevailing rate of wages being written into the relief bill and believing that it has "played labor's game" in writing Section 7a into the NIRA, is not disposed to move too rapidly in the direction of the union side for the present.

## The Holding Company

(Continued from page 25)  
light and power holding companies.

13· Isn't the holding company regulated?

To some extent by states and probably in some of its activities by the Securities Exchange Commission but, in general, as a separate institution it is not regulated.

14· Not even by the antitrust laws? Or isn't a holding company a trust?

The utility holding company is not a trust in the ordinary meaning of the term, although only recently the Department of Justice has taken action to require a holding company to divest itself of the securities of a competitor. The operating side of the power industry being regulated raises no question of monopoly and, therefore, its activities are not challenged under antitrust laws.

15· What is the present complaint against holding companies?

Many charges are made but the most general argument against them is that they have outlived their usefulness to industry.

More specifically it is frequently charged that holding companies do not share with the consumers the benefits which their services make possible.

16· How do the holding companies reply to these charges?

The principal reply is that the legislation is an indictment of a whole industry whereas the "evils" complained of are isolated acts of individual concerns and persons rather than general practice.

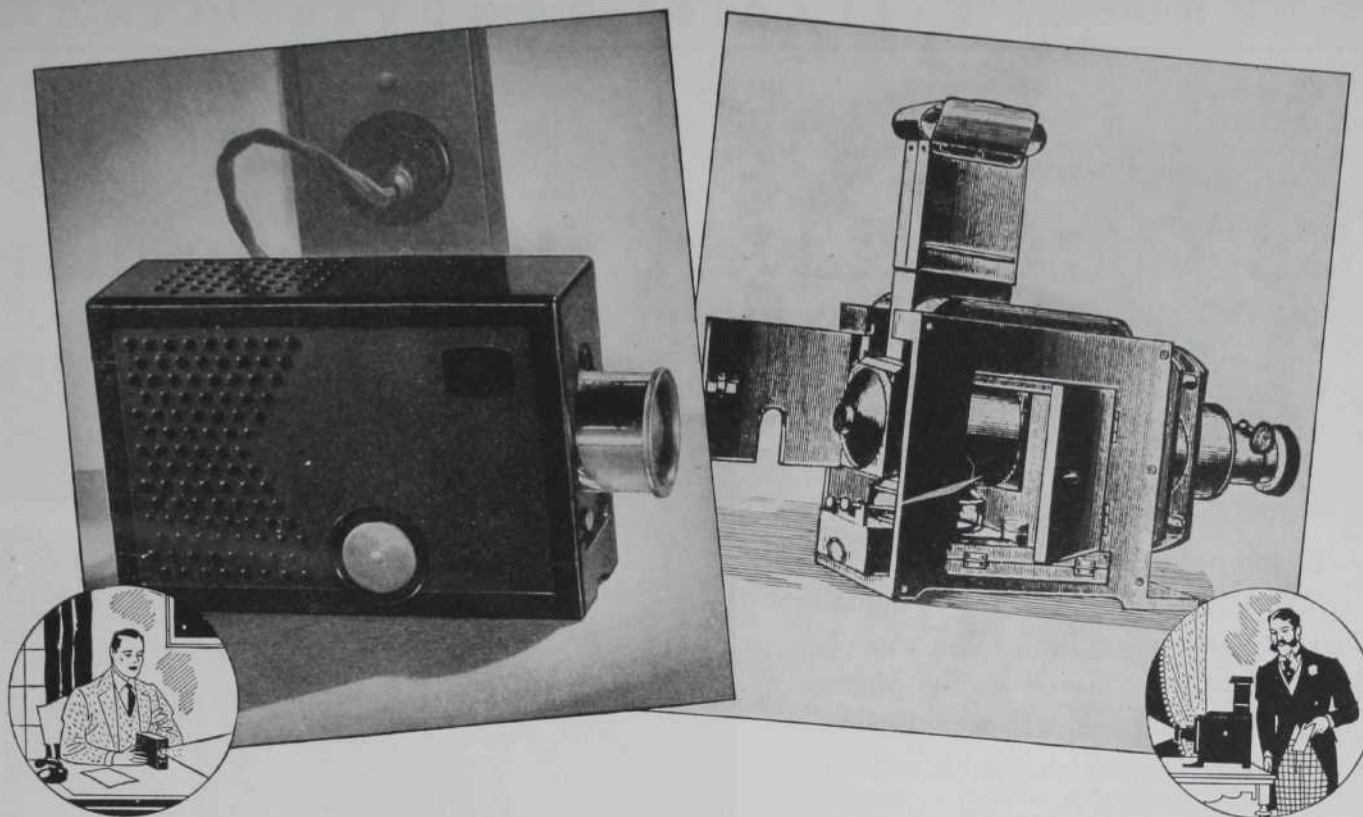
17· What steps are proposed to remedy these "evils"?

The Rayburn bill before Congress proposes temporary federal regulation of holding companies, with their elimination entirely from the light and power industry after January 1, 1940.

18· Has the holding company outlived its usefulness in the light and power industry?

The answer to this question is quoted from Professor Bonbright's book, "The Holding Company":





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But today it is different. The "Magic Lantern" has developed into a "Projector" with a rugged, compact, light weight Bakelite Molded case, housing a small high powered electric lamp and a roll of feather weight film. The Bakelite Molded case provides the necessary thermal as well as electrical insulation. Measuring only

5 7/8" x 3 7/8" x 1 3/4" a salesman can carry it anywhere.

This projector is typical of the improvements which have been effected in numerous mechanical and electrical appliances and devices with the aid of Bakelite Molded. Because of the strength, light weight, and rich appearance of this plastic material, and the ease and speed with which any quantity of like parts may be formed in the mold, it is adapted to the economical production of a wide variety of articles and parts.

Bakelite Molded possesses high electrical insulation value, and is resistant to heat and cold, moisture, oils, acids and most chemicals. It is

available in many attractive colors as well as black and brown. Through the use of this material many products have been simplified and improved in design and appearance, made more durable, and more saleable. May we suggest that you consider it for your own work, and enlist our cooperation in determining its possibilities.

We invite you to write for booklet 1M, "Bakelite Molded", illustrating and describing the many types of Bakelite Materials and their uses.

★

*The illustration of the Magic Lantern is by courtesy of The Museum of Science and Industry, New York. The modern projector is a product of Spencer Lens Co.*

BAKELITE CORPORATION, 247 Park Avenue, New York, N. Y. . . . 43 East Ohio Street, Chicago, Ill.  
BAKELITE CORPORATION OF CANADA, LIMITED, 163 Dufferin Street, Toronto, Ontario, Canada

# BAKELITE

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\*The registered trade marks shown above distinguish materials manufactured by Bakelite Corporation. Under the symbol "B" is the essential sign for identity, as indicated previously. It signifies the reliable character of present and future uses of Bakelite Corporation's products.

## THE MATERIAL OF A THOUSAND USES



---

• POPULAR FALLACIES OF ADVERTISING •

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## "Cut Out the Advertising and Reduce Your Prices!"

DO the people who make this remark . . . and you hear it often . . . actually believe what it implies? If so, they believe that the volume of any product sold, the cost of selling it, and the profit return will be just the same *without* advertising as with it.

Let's see how that assumption works out with one of the most useful and popular of all products—electric refrigerators.

Advertising sold the idea of mechanical refrigeration—its convenience, its economy, its food preservation superiorities. It is doubtful that very many electric refrigerators would have been sold without this educational influence, this trail-blazing.

In 1922, there were *two* national advertisers in the electric refrigeration business. That year, 18,000 refrigerators were sold for approximately \$8,555,000—an average price of \$475 per refrigerator.

In 1933 . . . eleven years later . . . there were *nine* national advertisers in the electric refrigeration business, and in that year 1,080,000 refrigerators were



ADVERTISING men resent unfair attacks upon the integrity of their profession. They appreciate a defense like this spread before 260,000 fellow business men, their clients. ¶Every business suffers likewise from fallacious thinking—

coal, ice, banks, railroads, wholesalers. They likewise esteem a stout defender. ¶For 20 years NATION'S BUSINESS has fought popular fallacies of every business. That is one reason why it holds the loyalty of its readers.

sold for approximately \$183,600,000—an average price of \$170 per refrigerator.

Here you see that the manufacturers who believed in the power of national advertising to build business have had their national advertising—and, at the same time, those who contend for lower prices have their way, also!



# NATION'S BUSINESS

260,000 CIRCULATION

PUBLISHED MONTHLY AT WASHINGTON BY THE UNITED STATES CHAMBER OF COMMERCE



"While the holding company has often been subjected to attack in the legislature and in the public forum, it is found too essential a medium of large-scale production and large-scale distribution to succumb to legislative interference. The passage of enabling laws in state after state has given it a definite social sanction. Indeed, the great problem of the present day appears to be, not how to destroy the holding company but how to subject it to forms of control that are necessary in order to make it a useful, social instrument."

#### 19· Who is Professor Bonbright?

James C. Bonbright, professor of finance, Columbia University, since 1931 has been a trustee of the Power Authority of the State of New York. In 1929-30, he was a member of the New York State Commission on Revision of Public Service Commission Law for that state.

20· He calls the holding company an "essential medium of large-scale production." Just how essential has it been, in the light and power industry, for example?

In the growth and development of the electric light and power industry, physical consolidation of contiguous properties has proved a great economic advantage. The early physical reorganization of the industry was made possible solely by the holding company. Small, competing, and often antagonistic, operating companies rendering service in neighboring communities were forced to combine their operating systems by the influence of holding companies. Thus developed the interconnection of power plants, the scrapping of isolated, inefficient units and the building of large, efficient, generating stations, better load conditions, and vastly improved service.

21· Have holding companies benefited the light and power industry financially?

In a period of rapid expansion, one of the greatest needs of any industry is new capital. Few industries have experienced such growth in output, invested capital, geographical spread and general demand for and necessity of the commodity produced as the light and power industry. In securing new capital for business expansion operating companies are entering perhaps the most competitive field of business. The money supplied by investment bankers through the purchase of bonds seldom exceeds 40 or 50 per cent of the total required. The other 50 to 60 per cent is represented by stocks, in marketing of which the holding company has been able to obtain money at a much greater advantage than have the small, isolated, operating companies.

22· If holding companies are so common to the fields of industry, why is this bill confined to their elimination in the light and power industry?

Partly due to the fact that this industry is a public utility; that is, "it is vested with a public interest." However, Congress may at any time declare that any industry is vested with a public interest and is, therefore, a public utility. Such legislation has been proposed for both the coal industry and the petroleum industry. Therefore, restriction of holding companies in these and other industries are a probability. The holding company feature of the bill, however, is not based any more upon that than it is based upon the Interstate Commerce clause of the Constitution, and the legislation might be broadened to cover all holding companies.

## Simple Arithmetic

**ARITHMETIC**, when weighed in the balance by the Toledo Scale Company, is decisive in determining the success or failure of business. A study of thousands of retail stores, the company reports, reveals a singularly obvious error in figuring selling costs with a consequent destructive loss in income.

Suppose the cost price of an article is 40 cents, and the merchant intends to sell it at a profit of 20 per cent. What is the proper markup? Forty-eight cents, say many merchants. Wrong, says the company. Fifty cents is the right price. If the

merchant sold at 48 cents, he cannot make out a profit of 20 per cent. His eight cent profit on the 48 cent sale means only a profit of 16⅔ per cent.

The error lies in using the cost price as the base of calculation, rather than the selling price. The correct method, the company argues, is to regard the cost price, 40 cents, as 80 per cent of the selling price which should yield a profit of 20 per cent. Use of a dollar base is equally instructive. A correct markup of 50 per cent on \$1 will give a selling price of \$2. Similarly, a five per cent margin on \$1 is \$1.06, not \$1.05.



## BUT YOU WON'T!

"I'll make a record of that later," is fatal to business. You won't! It's foolhardy to take chances with your profits. Make records on the spot with the Egly Tru-Pak. Know the complete details of every transaction by means of private checking copies automatically filed under lock and key *within the Tru-Pak itself*, accessible only to you. Don't let mistakes, carelessness, forgetfulness and temptation cut in on your profits.

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Please send complete information on the Egly Register System designed for my business.

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Limited territory available for high type sales agents. Details on request.



# What Bankers and Investors Discuss

WHILE newspapers hailed the Swift & Company bond issue as "A Big Bond Issue" that will break the log jam of securities issues, a point that is likely to be of equal importance is that the interest rate is 3¾ per cent. This was said to be the lowest for a comparable commercial bond issue since before the War. The Company will save roughly \$500,000 yearly in interest. Many other corporation bonds are likely to be called in the next year or so, and refunded at a lower interest.

Federal Government long-term bonds are selling to yield about 2¾ per cent, a low since the War. Savings accounts in the Federal Reserve system are limited to 2½ per cent.

We have been accustomed to a six per cent interest on ordinary loans. Some states are decreasing the legal rate of interest.

What will be the effect on the average man of this downward trend in money's wages? His savings account interest must continue low, or go lower. His insurance will cost more—some life insurance companies have already raised their rates to a price based on a three per cent yield on investments, and the dividends on old policies will be cut correspondingly. He will receive lower returns on other investments. Thrift of the average man may be checked by this lessened incentive to save.

On the other side of the ledger, he may be able to borrow at a cheaper rate if he wants to build a house or make a business venture. In fact he may be encouraged to borrow so much that collectively he will be in the awkward position in which he was in 1929.

## Banking bill is studied

OPPOSITION to the pending banking bill with its further surrender of banking control to the Federal Government is stiffening.

The Board of Directors of the Chamber of Commerce of the United States early this month called the attention of the business interests of the country to the importance of the far-reaching changes in the Federal Reserve system.

"It does not appear too much to say," the Board declared, "that these proposals are of such serious import as to justify the same deliberate and careful consideration that was given by Congress and the coun-

try to the plan for the original establishment of the Federal Reserve system."

"The proposed changes," the statement said, "would affect the general public and the customers of banks even more than the banks themselves. The commercial and industrial elements of America, in the public interest as well as in their own protection, must ask that time be granted for thorough consideration of the proposals.

"Various banking groups are studying the pending proposals. This Board urges that the commercial and industrial interests of America do the same without delay and be prepared to register their opinions upon the measure and upon the announced purposes underlying it."

The American Bankers Association has made public a similar resolution urging that more time be given to consideration of the bill, especially of Title II.

## Pepper speculation

WRITING in our February issue on commodity markets, Richard J. Mayer quoted Justice Holmes of the United States Supreme Court in *Chicago Board of Trade v. Christie*:

People will endeavor to forecast the future and make arrangements according to their prophecy.

Justice Holmes might have gone further and said that people will also now and then try to arrange the future by acquiring control of a commodity. Corners in wheat, in cotton, in other commodities have been attempted time without end. For the most part they have failed.

But the strangest corner—at least to American newspaper readers—was that attempted in London on pepper. It provided periodical paragraphs with plenty of pungent paragraphs pertaining to Peter Piper's peck of pickled peppers, but it brought distress and failure to London business men, involved some great names and brought a moment of uneasiness to Americans who recalled that the Hatry failure helped to touch off our stock market explosion in '29.

But the tempest in the pepper pot had all the accessories of a speculative mania of the typical sort. There was a pepper king, and a pepper pool and in the words of a newspaper report "mad gambling in white pepper."

And pepper wasn't the only commodity involved. There was speculation in shellac and in peanuts. But pepper grips the imagination. The pool held 20,000 tons of white pepper. It doesn't seem as if there were in the world enough eggs upon which to sprinkle 20,000 tons of white pepper.

## Gold clause is not ended

THE decisions in the gold clause cases made little immediate disturbance on the surface of business. Those who expected a mad stock market were disappointed.

But we have not had the last of gold clause cases. To quote the *Washington Review*, published by the United States Chamber of Commerce:

Eight members of the United States Supreme Court were in agreement upon one important phase of the gold-clause cases decided on February 18, and the ninth member did not dissent upon the merits. This striking agreement was in the position taken by eight justices, that Congress cannot abrogate the provisions in Liberty Bonds promising that the Government will pay interest and principal in gold coin of the standard in use at the time the bonds were issued. . . .

Changing circumstances, the four justices who insisted upon going beyond their associate strongly intimated, might permit holders of Liberty Bonds to have recovery of damages. The four justices who dissented throughout the cases, of course, would support recovery under changed conditions as well as under present conditions. There were thus eight justices who were of opinion that upon a later occasion there might be collection of damages from the Government for its illegal attempt to violate the gold clause in its own contract for repayment of borrowed money.

Most dramatic episode of the handing down of the decisions was the unexpected and unrehearsed speech of Justice McReynolds. It was not reported by Court stenographers. The *Wall Street Journal* prints a "nearly complete version," from which these extracts are taken.

It is impossible almost to overestimate the result of what has been done here this day. The Constitution as many of us have understood it, the Constitution that has meant so much to us, has gone. The guarantees which men and women heretofore have supposed protected them against arbitrary action, have been swept away. The powers of Congress have been enlarged to such an extent no man can foresee their limitations, and we stand as a people today stripped of the very fundamental guarantees which we have heretofore supposed stood between us and arbitrary action. . . .

We are confronted with the vision of





Through Good Years and Bad



Through Drought and Rains



Through War and Peace



Swift & Company has served the nation fifty years since its incorporation. Its record of performance and achievement during this period is an important chapter in the history of American industry.

A concise review of its first fifty years, together with the financial statements for 1934, is given in Swift & Company's "50th Anniversary Year Book".

#### *The \$19 heifer that started the business*

When Gustavus Franklin Swift was sixteen years of age, he borrowed twenty dollars from his father, bought a heifer for \$19, dressed it, and sold the meat from the back of a wagon to his neighbors along sandy Cape Cod roads. The history of the Swift business covers a period of 80 years, but the corporation is 50 years old in 1935.

#### *Why would National Self-Sufficiency be harmful?*

In the chapter dealing with the American Standard of Living, many important questions are dealt

with concisely. Swift & Company believes that national self-sufficiency is antagonistic to the doctrine that a high standard of living is desirable.

#### *Swift & Company's Year Book is FREE*

This forty-page booklet, richly illustrated in colors, will be sent, free, to anyone who requests it. The subjects covered in this book concern every man and woman interested in current affairs.

## Swift & Company

### SWIFT & COMPANY

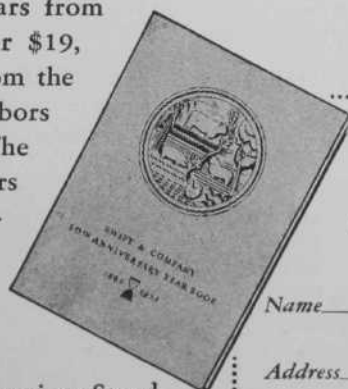
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City \_\_\_\_\_ State \_\_\_\_\_





## Earnings on \$300,000,000 Investment Taken from Security Holders

**I**NCREASES in taxes, and reductions in rates which afford relatively unimportant savings for an individual customer, are taking away from investors in the Associated System enough to pay the annual interest on more than \$300,000,000 worth of

securities at the rate of 5 per cent.

During the recent depression the loss of earnings by utilities, and the shrinkage in value of utility securities have not been due primarily to the failure of earnings to withstand the effects of depression, but principally to—

1. Actual and threatened governmental competition.
2. Attacks by public officials and agencies, which have uniformly been followed by sharp declines in the market price of utility securities.
3. Reduction in earnings through action of governmental agencies, such as excessive increases in taxes and unreasonable decreases in rates.

The result of all these policies has been to threaten the savings of millions of thrifty, small investors. Present improvement in the revenues of utilities has partially offset these ad-

verse conditions. But this improvement should not lull investors into inactivity. They must organize to combat in every reasonable way the injustice that is being done to them.

### ASSOCIATED GAS & ELECTRIC SYSTEM



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The William L. Gilbert Clock Corporation, Winsted, Connecticut, uses KIMPAK Crepe Wadding to minimize danger of shipping damage to their handsome Model 3713 Clock.

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1. Made only of highest quality copper-bearing steel—"Hot-Dip" galvanized after fabrication.
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5. Accurate estimate on your requirements without obligation.

### CONTINENTAL STEEL CORP. Kokomo, Indiana

*Distributors in all principal cities*



a dollar which may be reduced to 60 cents today, to 20 cents tomorrow, to ten cents the next day and to one cent the day following. . . .

We protest. That never was the law, it never ought to be the law, and the shame and humiliation of it all no one of us can foresee.

### Bankers suggest remedies

BRITAIN'S "big five" banks—Midland, Barclays, Lloyds, Westminster and National Provincial and their branches—do the bulk of English banking.

At their annual meetings of the banks their chairmen make carefully prepared and widely published addresses which reflect British financial sentiment.

### A political monopoly of banking would still be a monopoly

REGINALD MCKENNA, once Chancellor of the Exchequer, told the shareholders of Midland:

Is the consumer of banking service, whether as the owner of deposited funds or as a trade borrower, likely to be better, more economically, and more fairly served by one vast bank, invested with all the powers of unrestrained monopoly, or by a few highly competitive institutions? . . .

The banks are in active competition with one another, and can maintain their own shares of the available business only by efficient service and sympathetic consideration of their customers' requirements. Any bank which failed to satisfy its customers would lose them. But what protection would the customer have if all banking were under one control? Then indeed the power of the single bank could be misused oppressively in a manner we are now hardly able to conceive.

Moreover, a monopoly, which can be efficiently operated only on a basis of more or less complete standardization, could not be expected to show the responsiveness to individual needs which is essential to good banking. What, then, is to be gained by it? So far as I have seen nothing adequate or even feasible has been suggested. . . . Any monopoly of an essential service can be used to extort large profits at the expense of the public; but a profit-making motive is not avowed by those who urge this particular project of nationalization. I conclude that there is no assurance of any compensating benefit to set against the grave evils which must arise if all banking power were concentrated in one hand.

### Banking competition still in the public interest

RUPERT BECKETT of Westminster shared Mr. McKenna's fears of political control:

Is this the time, then, seriously to propose that the control of the banks should be taken out of the hands of those who have proved themselves and placed under the direction of a State department, and the savings of the millions of bank depositors made the basis of socialistic experiment; or to suggest that



the advantages enjoyed by the public through the active competition between the banks should be sacrificed under the dead hand of bureaucracy?

### World trade offers a simple cure for world ills

BEAUMONT PEASE of Lloyds pleaded for a wider international exchange of goods:

My business is in practical everyday affairs, and every day I see in my daily work obvious reasons for our poor condition. Why cannot we pay our debts to America? Because she will not take our goods in payment. Why was Australia unable to send her barley to Belgium? Because she refused to accept Belgian glass. . . . I could multiply such instances indefinitely. If our well-being depends on trade, and if trade is the exchange of goods between man and man and between nation and nation, these obvious obstacles must be removed if trade is again to flow freely. Surely it is not necessary to look for "some great thing" or to babble of the virtues of experiments with currency, or the nationalization of banks, when some cure at any rate for the world's economic leprosy is so obviously at our doors.

### Political planning of economy cannot jump national lines

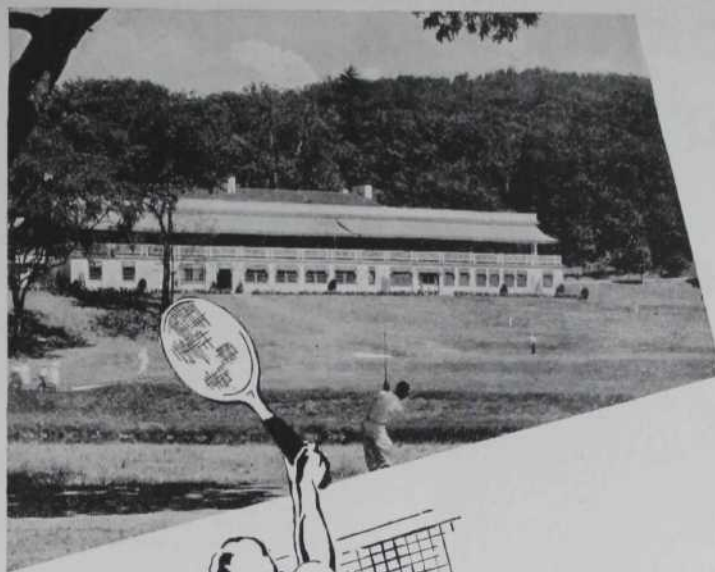
CHAIRMAN Colin F. Campbell of the National Provincial cited conditions in Germany and Italy:

These measures are interesting as a further illustration of the limitations of those who try to organize trade by official authority, instead of leaving it free to follow its own lines of development. Dictated economy finds that it cannot dictate beyond the borders of its own country, and for navigating the shifting currents of world trade the elasticity of private enterprise has so far shown itself to be the surest guide.

### Strength of banking does not go with laxity

OUR proposed banking bill would add to the power of the national banks to make long-term loans on real estate. The problem has been considered in Great Britain and W. F. Tuke, chairman of Barclays, said:

Great Britain has been free from banking failures for such a long period that the security afforded by the banks in this country is taken for granted by all sections of the community. This great but unconscious tribute to the strength and efficiency of the British institutions is, however, accompanied by insufficient knowledge as to how this position has been attained, and also by a failure to appreciate the undoubted fact that it would not have been attained had the banks sought for profit outside their legitimate business by confusing banking or short-term money with investment or long-term money. It may be that there is a gap in our financial system which needs filling. No one with a real knowledge of his subject would suggest that such a gap could be filled by the deposit banks without sacrificing essential strength and solidity.



## Call Out FOR SPRING TRAINING at THE GREENBRIER

**A** tough schedule is ahead of you, men. Snap out of hibernation and fill your lungs with sparkling ozone—soak up the warm spring sunshine and get in form for the summer sports season. What if you are a "Simon-pure" amateur? You need a spring training trip like a "pro". Use of the fairways and bridle-paths at The

Greenbrier will give you excellent roadwork. Games on fast tennis courts will provide stiff practice. Shooting on the skeet range will sharpen your vision. In short, keen competition in the exhilarating mountain air will bring out the best in your game. You'll find yourself back in form. How about a training trip this year?

### WHITE SULPHUR SPRINGS

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THE GREENBRIER AND COTTAGES

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General Manager



## IRON FIREMAN

cut fuel costs  
48%



—in this  
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building

The Kanawha Valley  
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Va. and Iron Fireman  
burner installation.

TWO years of Iron Fireman automatic coal heating at the Kanawha Valley Building, Charleston, West Virginia, have produced highly satisfactory results to the management. In this time Iron Fireman has cut fuel costs 48% and one boiler has carried the entire heating load that formerly required the service of two gas fired boilers.

"We regard future heating seasons with considerable confidence," says D. W. Orth, manager. "We know that Iron Fireman will heat our building satisfactorily during the winter months at a minimum cost."

If you pay fuel bills let us make a free firing survey and show you the savings and betterments you may expect with Iron Fireman firing. Models for commercial boilers up to 300 h.p. and for homes. Quickly installed. Easy payment plan. Use the coupon for literature or firing survey. Iron Fireman Mfg. Company, Portland, Oregon; Cleveland; Toronto. Dealers everywhere.

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Relieves Gas...  
Heartburn..Sour  
Stomach..Quick  
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TUMS free you from this danger. They act as an acid "buffer." The scientific explanation of TUMS is that it acts gently—just enough of the antacid compound is released to counteract over-acidity. When your heartburn or sour stomach is corrected—the balance passes on inert and undissolved, without affecting the blood or kidneys.

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**Free** 10c  
**TUMS** FOR THE TUMMY  
TUMS ARE ANTACID... NOT LAXATIVE  
For a laxative, use the safe, dependable Vegetable Laxative NR (Nature's Remedy). Only 25 cents. NR

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Photographs stand hard usage when cloth backed with Holliston Photo-Cloth—colors to match the prints. Consult your local commercial photographer. Write for story of the use of photographs in selling.

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90<sup>TH</sup> ANNUAL STATEMENT

DECEMBER 31, 1934

## NEW YORK LIFE INSURANCE COMPANY

A MUTUAL COMPANY FOUNDED IN 1845 INCORPORATED UNDER THE LAWS OF THE STATE OF NEW YORK

## To the Policy-holders and the Public:—

On the occasion of the ninetieth annual report of the New York Life, it is fitting to review briefly its record of accomplishment since it began business on April 12, 1845.

Founded when this country was young and sparsely settled, the New York Life has forged steadily ahead, spreading the benefits of its protection over millions of people and contributing, through the investment of its funds, to the Nation's development. Having always been a mutual company, it has declared over one billion dollars in dividends payable to policy-holders. Since 1845 it has met every obligation through every panic, war and epidemic.

During the past year the Company paid or credited \$157,000,000 to living policy-holders, and \$70,000,000 to the beneficiaries of those who died.

The Company's assets were \$2,109,505,224 at the close of 1934, an increase of \$98,562,112 over the previous year. The gain in assets during the single year 1934 is greater than the total amount which the Company accumulated in assets during the first forty-four years of its history.

During the year 1934 our investments in Government, State and Municipal Bonds increased \$146,918,786. A decrease of \$17,000,000 in policy loans and an increase of over \$60,000,000 in new insurance issued during the year reflect the general improvement of business in 1934.

The following table shows the diversification of the Company's assets at the end of 1934. All bonds eligible for amortization are carried at their amortized value determined in accordance with the law of the State of New York. All other bonds, including bonds in default, and all guaranteed and preferred stocks, are carried at market value as of December 31, 1934.

	Assets Dec. 31, 1934	Per Cent of each item to Total Assets
Cash on Hand or in Bank . . . . .	\$36,449,562.46	1.73
United States Government, direct, or fully guaranteed Bonds . . . . .	208,726,056.38	9.89
State, County, Municipal Bonds . . . . .	191,270,360.25	9.07
Public Utility Bonds . . . . .	159,151,938.01	7.54
Industrial and Other Bonds . . . . .	21,670,306.29	1.03
Railroad Bonds . . . . .	341,910,539.57	16.21
Canadian Bonds . . . . .	44,445,022.61	2.11
Foreign Bonds . . . . .	2,067,183.26	.10
Preferred and Guaranteed Stocks . . . . .	69,610,789.00	3.30
Real Estate (Including Home Office) . . . . .	97,212,901.52	4.61
First Mortgages, City Properties . . . . .	459,805,821.86	21.80
First Mortgages, Farms . . . . .	12,527,521.11	.59
Policy Loans . . . . .	396,467,101.27	18.79
Interest & Rents Due & Accrued . . . . .	31,877,282.34	1.51
Other Assets . . . . .	36,312,838.44	1.72
<b>TOTAL ASSETS</b>	<b>\$2,109,505,224.37</b>	<b>100%</b>

The liabilities of the Company, which include reserves to meet all contractual obligations, were \$1,994,134,579.

Included in liabilities, the Company has set up a Special Investment Reserve of \$28,000,000 not required by law, and reserves of \$45,734,207 for dividends payable to policy-holders in 1935.

Surplus funds reserved for general contingencies on December 31, 1934, amounted to \$115,370,645.

Total insurance in force, represented by 2,649,953 policies, was \$6,661,514,072. The total new paid for insurance in 1934 was \$440,000,000. In addition, men and women paid \$45,000,000 to the Company for annuities to provide a guaranteed life income.

April 12, 1935, marks the Ninetieth Anniversary of the New York Life. In view of its financial strength and its long record of fidelity in the fulfillment of its obligations, this mutual company continues to merit the confidence and patronage of its policy-holders and the public.

*Thomas A. Buckner*  
President

A more complete report listing the securities owned by the Company, together with an illustrated booklet describing the Company's ninety years of service to policy-holders, will gladly be sent upon request. Write to the Company's Home Office at 51 Madison Avenue, New York, or to any of its Branch Offices throughout the United States and Canada.

## BOARD OF DIRECTORS

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Former President of United States  
Palo Alto, California  
(Elected January 9, 1935)

**ALBA B. JOHNSON**  
Philadelphia, Pa.  
(Died January 8, 1935)

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MONEL METAL  
MAKES IT EASY  
FOR US TO KEEP OUR

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importance of equipment when  
serving 10,000 meals a day at sea*



MEALTIME on ship-board. It's an event . . . a function . . . a ceremony. Start to finish, every appointment must be 'top drawer' . . . from the silver on the table to the equipment in pantry and galley.

For efficient equipment means smart service in the dining saloon . . . the type of service expected by travellers who choose the "Washington" and the "Manhattan."

Monel Metal food service equipment helps us to satisfy their expectation. Simplifies the difficulties of house-keeping on the high seas. Makes it easy for our trained staffs to keep galleys

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## Monel Metal





# Lesson in Palmistry..

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Of Old Overholt rye  
On your palm  
Rub your hands together  
And sniff...



A simple test  
Of whiskey quality  
Long known to experts

The rich bouquet  
Of Old Overholt  
Will make you think  
Of sunny grain fields  
Out Dakota way  
Of fragrant oak  
Charred by coopers  
Zesty yeast  
And sweet hill water



These are the only ingredients  
In Old Overholt rye  
They explain its wholesome goodness

They explain also  
Why gentlefolk  
For a century and a quarter  
Have uncorked this regal drink  
With pride  
For guests of quality



Try a taste!



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*Luckies*



*They Taste Better*

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